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# ECONOMIC SECURITY ACT

## HEARINGS

BEFORE THE

## COMMITTEE ON WAYS AND MEANS
## HOUSE OF REPRESENTATIVES

SEVENTY-FOURTH CONGRESS

FIRST SESSION

ON

## H. R. 4120

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# ECONOMIC SECURITY ACT

**THURSDAY, JANUARY 31, 1935**

House of Representatives,
Committee on Ways and Means,
*Washington, D. C.*

The committee met at 10 a. m., Hon. Robert L. Doughton (chairman) presiding.

The Chairman. The committee will be in order.

The Chair will call as the first witness—perhaps out of order—but at the request of a member of our committee—the gentleman from New York, Mr. Reed, Dr. R. M. Little, director, rehabilitation division, State educational department.

Dr. Little, will you come forward, give your name and the capacity in which you appear, for the record?

## STATEMENT OF DR. R. M. LITTLE, DIRECTOR, REHABILITATION DIVISION, STATE EDUCATIONAL DEPARTMENT, NEW YORK

Dr. Little. My name is R. M. Little, Mr. Chairman, and gentlemen of the committee. I am director of the rehabilitation division, State education department, New York.

Speaking of section 702 of the pending measure, this section needs some improvements before it is enacted into permanent law. First, it does not have any definition of important terms. In other sections of the bill, terms are defined. Here they are not defined, and we wish to propose, therefore, representing the National Rehabilitation Association and for myself speaking personally, that a crippled child shall be defined in this act, something like this:

> As used in this title "crippled children" shall mean children under the age of 21 years who because of accident, disease, or congenital defect are physically handicapped to the degree that their normal schooling and their vocational training and employment require the special services provided in this act.

It is a difficult thing to know what a crippled child is unless you define it in your act. Here you just speak of a crippled child which, in common thought, would be the orthopedic child alone and crippled, of course, to the extent that normal life would be interferred with. We recommend, therefore, that this definition of a crippled child be incorporated.

Another thing: In line 20 there is language that the appropriation to the States shall be on the basis of need as set forth in plans developed by the State agencies concerned and approved by the Children's Bureau.

How are you going to determine needs? You will determine it by the reports of various State agencies and private agencies setting forth the needs in their States.

It is impossible for the Children's Bureau in Washington upon a varied setting forth of needs in various States to make a just and equitable distribution according to the needs. The ordinary way of making Federal appropriations in aid of States is on the basis of population and not needs. There is not a State but what can set up needs in various ways and with great urgency. It is impossible for an administration here in Washington to determine the distribution of Federal aid to States when that distribution is to be based upon needs interpreted by the various States.

Mr. COOPER. Will the gentleman yield at that point?

Dr. LITTLE. Yes.

Mr. COOPER. Is it a question of the interpretation placed upon it by the States? It is a question of the interpretation placed upon it by the Federal agency which will, of course, apply to all States alike.

Dr. LITTLE. I assume so, but there are 48 States. They will send in their data to Washington. The Children's Bureau in Washington will be in a dreadful condition of mind in trying to discriminate and decide where the greater needs are.

Mr. COOPER. That is not the point. They are supposed to report the facts. The Federal agency in Washington passes upon the question of needs and they will have, of course, the idea of uniformity as applied to all States in mind.

Dr. LITTLE. That is the theory; yes. I admit that.

Now, in connection therewith, in lines 22 and 23 on page 54 is the language:

*Provided*, That except in the case of severe economic distress or other exceptional circumstance, no allotment under this subsection shall exceed the sum made available by the State for the purposes of this section.

All 48 States today have severe economic distress. They are all wrestling with State budgets.

Again, how can the administration in Washington, a bureau in Washington, determine on such a definition whether they are going to give money to a State?

The CHAIRMAN. Have you any suggestions as to how this matter should be determined, Dr. Little?

Dr. LITTLE. That ought to be distinctly a matching proposition, on a 50–50 basis, as in the case with other legislation that has been in effect for years. Give the money to the States for this purpose on the matching principle, on the basis of a 50–50 contribution, within the regulations of the Federal Government as to what the Federal money can be expended for.

In other words, you would not expend Federal money for buildings, for permanent equipment—for things of that kind—properties, and so on. You would spend it on service, according to the provisions of the law, and as is done under other statutes now in operation.

This proposed legislation, gentlemen, is in contradistinction to legislation that has been in effect for years concerned with the matter of aid from the Federal Government to the States. Representing those who are administering State money and Federal money, we do not want to have projected into the situation differing principles in the use of these moneys.

May I say that there are other little things in here that perhaps need refinement, that will want fixing up, but its purpose is good. It has not been brought out very well in detail and in the matter of technique, however.

There has been in the country since 1920 a system of Federal aid to the States for the rehabilitation of the physically handicapped. This proposition here comes along as a parallel, a part of the very same thing.

We should like to propose an amendment that is more important even than the matter that I have just spoken of—on page 55, after line 2, add the following:

In order that crippled children who have received medical care and other services under paragraph (a) of section 702 may continue to be given vocational guidance, training, and placement in employment, as provided by an act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment", approved June 2, 1920, as amended (U. S. C., title 29, secs. 31 and 32), and to carry out all provisions of said act, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, and annually thereafter the sum of $2,040,000 for aid to the States, of which not in excess of 5 percent shall be used for administration by the Federal agency authorized to administer said act.

In order to provide for correlation and to prevent duplication of services, the Division of Vocational Rehabilitation in the Office of Education and the Children's Bureau shall, in carrying out the provisions of this act, establish a plan of cooperation between their respective offices and provide for similar plans of cooperation between the respective State agencies carrying out the provisions of this act, such cooperative agreements to be incorporated in the State plans submitted to the respective Federal agencies for approval.

This proposed section is duplicating something that has been in operation for 14 years. It needs clarification in the basic act in order that there may be no duplication or confusion and so that the service at last may be of the highest benefit to the crippled children.

The present Federal act, of course, covers crippled children of working age. We propose that—why? For the reason that there is an authorization for rehabilitation and Federal aid to the States for that purpose that will not expire for a year, in the amount of $1,000,000 plus. There is another measure pending in the House, the so-called "Fletcher bill" to appropriate $1,000,000 more to the States for rehabilitation purposes. Those of us who are engaged in this work and who have been engaged in this work for years feel that these things ought to be brought together. Here is the place to bring them together and have one system that will do the whole job, with less expense, without duplication, without interference. We want a unified program in the Federal Government and in the States, looking to the highest benefit for the crippled children.

For those reasons, gentlemen, we propose these amendments.

Mr. Reed. I notice that you mention there the sum of $2,000,000. As I understand it, the Director of the Bureau of the Budget will take notice of that if this is incorporated in the bill, so that there will not be the increase that there appears on the face of it.

Dr. Little. That is right.

Mr. Reed. Will you explain that?

Dr. Little. We have been in conference, Mr. Chairman and gentlemen of the committee, with the proponents of this measure and

the Children's Bureau, the administration authorities, and so on, in putting this together, and they are agreeable to the proposition. It does not mean more money. It simply means putting this together in one unit to have order, unity, better service. The Director of the Bureau of the Budget, of course, if he were to give approval to one of these appropriation authorizations, would not give approval to the other.

Mr. Reed. That is the point that I was trying to bring out; in other words, this is not an attempt to get more money through this legislation.

Dr. Little. Oh, no. That is not the point to this. The point to this is to bring these things together, to make a better administrative relationship possible between the Federal Government and the States.

Mr. Reed. As a matter of fact, if this is not incorporated in this particular bill, there is bound to be a conflict between the two departments, neither of them knowing what the other is doing.

Dr. Little. That is the point, sir.

Mr. Reed. And that would not be in harmony with the work that is attempted to be done in this bill. In other words, you are not opposed to the general principles of the bill?

Dr. Little. No, no. We simply come to you with our experience; we have been doing this for years. We simply want to get these things together in an intelligent, unified way.

Mr. Reed. One more question, Doctor. So far as rehabilitation is concerned, it is past the experimental stage and has proven its worth?

Dr. Little. Surely, sir. This report, upon which all this legislation is based, came to this subject, and then they stopped. Section 702 goes a little bit further than seemingly they contemplated in their report. The report, if you gentlemen care to turn to it, indicates that the general committee thought that obviously these things ought to be coordinated, ought to be brought together. I think right here is the place where they ought to be coordinated and brought together.

Mr. Reed. Let me ask you just one more question, Doctor. What is being done at the present time in the rehabilitation of crippled children of employable age?

Dr. Little. They are being cared for to the extent that there is money and workers.

Mr. Reed. Through your organization?

Dr. Little. Surely, through the rehabilitation service.

Mr. Reed. So it fits right into this place properly, does it not?

Dr. Little. Certainly. That is exactly what we want to do.

The Chairman. Just what do you mean by a unified system without interference, Doctor?

Dr. Little. If there are two Federal agencies with two definite Federal funds, setting up different plans to serve the same sort of people in the States, while they may be in general conformity, you have two different sets of authorities functioning independently of each other, from Washington, and projecting their influence and their individual standards, and so on, out into the States.

Of course, it is a matter for Congress to decide whether they want to have one or two agencies in the Federal Government handling

these funds and trying to do this job in the States. We are not touching upon that. Theoretically, of course, there ought to be only one. It seems there are going to be two. All right, tie them together right at the start, initially, so that they will make plans on which they can both agree and which will be agreeable to the States, and so that there may not be confusion and duplication.

The CHAIRMAN. Would you have this system completely under State control or under joint Federal and State control?

Dr. LITTLE. There is Federal control in setting up standards and issuing regulations as to what the money is to be spent for, and so on, but what the State does must be correlated with the actions of the Federal Government. The work is done, of course, in the State and by State people.

The CHAIRMAN. I agree with you that there should not be duplication. There is too much of that now.

Dr. LITTLE. Surely, there is. It is getting too bad.

Mr. REED. And that is just what you seek to accomplish in this proposed amendment, the elimination of that duplication?

Dr. LITTLE. Yes, sir; right here is the place to start to do some of this unifying and coordinating and preventing of duplication. We cannot go on like this forever and ever, piling up independent agencies of the same nature, in the same field, with power to spend money and employ people and incur expenses. It simply is not efficient, it is not constructive, and it is very costly.

The CHAIRMAN. If there are no further questions, we thank you for your appearance and the information you have given the committee.

Mr. REED. May I ask the Doctor, have you covered your subject?

Dr. LITTLE. All I wish to say, unless there are questions.

The CHAIRMAN. The witness may have permission to extend his remarks in the record, if he wishes.

Mr. REED. I will ask unanimous consent that the Doctor be permitted to extend his remarks in the record.

The CHAIRMAN. Without objection, permission to extend his remarks is granted to the witness.

Mr. COOPER. Everybody has that permission, of course.

Dr. LITTLE. Thank you.

Mr. BUCK. Mr. Chairman, before the next witness is called, I ask permission to present and make a part of the record a telegram received by me from H. D. Hicker, chief of the Bureau of Vocational Rehabilitation of the State Department of Education of California, requesting the inclusion of the rehabilitation program in this legislation.

The CHAIRMAN. Without objection, the telegram referred to will be made a part of the record.

(The telegram referred to is as follows:)

SACRAMENTO, CALIF., *January 30, 1935.*

Hon. FRANK H. BUCK,
*House of Representatives, Washington, D. C.:*

Concerning H. R. 3050, it is proposed that the purposes of this vocational rehabilitation bill be included in the economic security bill now pending. The State department of education urges you to consider favorably the inclusion of rehabilitation program in the security bill. The increase in appropriation is essential to meet expanded demands.

H. D. HICKER,
*Chief, Bureau of Vocational Rehabilitation.*

Mr. THOMPSON. Mr. Chairman, I should like to make a similar request, to insert in the record a telegram that I have received from the supervisor of rehabilitation in the State of Illinois, Mr. R. R. Clark.

The CHAIRMAN. Without objection, the telegram referred to will be made a part of the record.

(The telegram referred to is as follows:)

SPRINGFIELD, ILL., *January 29, 1935.*

Hon. CHESTER THOMPSON,
*Member of Congress:*

Please do what you can to have provisions of H. R. 3050 included in economic security bill.

R. R. CLARK,
*Supervisor Rehabilitation, State of Illinois*

The CHAIRMAN. The next witness is Abraham Epstein, New York City, representing the American Association for Social Security.

Mr. Epstein, will you please come forward and state your name and address and the capactiy in which you appear, for the purposes of the record.

## STATEMENT OF ABRAHAM EPSTEIN, EXECUTIVE SECRETARY AMERICAN ASSOCIATION FOR SOCIAL SECURITY, NEW YORK CITY

Mr. EPSTEIN. My name is Abraham Epstein. I am executive secretary of the American Association for Social Security.

Mr. Chairman, I have had the privilege of appearing before quite a number of committees in this House and have appeared before some of them week after week, almost, for quite a number of years. I am glad to see that at least a few on this committee have been on other committees before which I have appeared and are, I think, keen students of this problem.

Merely for the purpose of stating my own record, let me say that I have spent about 20 years in this movement for social security. I have been probably the most active person in promoting legislation of this kind and have done, probably, most of the writing on the subject in this country. So that I feel that I come to you with at least considerable experience and considerable knowledge of the whole subject.

I should like to confine my remarks to three subjects that I know something about. They are the different stages of old-age pensions and the subject of unemployment insurance.

First of all, I should like to begin my statement, gentlemen, by saying that the entire program as presented by the President is the most outstanding and courageous program that has ever been attempted in the history of the world—not only in this country.

No man, not even Bismarck or Lloyd George, ever dared to present as comprehensive, as thorough-going, as vital a program in its all-embracing aspects as is included in the President's message. It is the most courageous, the most daring proposal that has ever been made, and all of us, of course, are greatly indebted and feel that this has been the greatest contribution in this line in American history.

I do want to caution you, however, that even if the entire program that is presented here is adopted this year, this country will still be

from 25 to 30 years behind European countries in the adoption of social-security legislation. In other words, daring as the program is from a political point of view, courageous as it is from a social point of view, in actual practice, even if we adopted it entirely, we will still be almost a generation behind other progressive nations.

That is to say, this program is not a revolutionary program. It is not a program that has not been tried or experimented with. It is a program that we know pretty much everything about. We know of its benefits, we know its workings, and there is sufficient evidence to warrant our going ahead.

Now I come down to the bill, and I should like to analyze at least the outstanding provisions in the bill and state some of our own reactions to it.

The CHAIRMAN. Keep in mind, Mr. Epstein, that you are proceeding under the 5-minute rule.

Mr. EPSTEIN. The 5-minute rule?

The CHAIRMAN. Witnesses may proceed for 5 minutes, after which they are subject to questioning by the committee.

Mr. EPSTEIN. I could not possibly complete my statement in 5 minutes, Mr. Chairman.

Mr. WOODRUFF. Mr. Chairman, may I say that to my personal knowledge Dr. Epstein is one of the most outstanding authorities on this particular question, not only in the United States but in the world. I have been in contact with Dr. Epstein, on their very thing for a matter of 8 or 10 years. I think that we should waive the 5-minute rule in the case of this very splendid gentleman and get the information that he can give the committee.

Mr. LEWIS. And I will second that motion, Mr. Chairman.

The CHAIRMAN. It is not a motion; merely a suggestion. How much time do you think you will need, Doctor?

Mr. EPSTEIN. I do not think I can get through in less than an hour, because I should like to explain some of these things.

Mr. KNUTSON. Mr. Chairman, we are dealing here with something that is going to become a permanent part of our economic system. I do not know Dr. Epstein, but Mr. Woodruff says that he is one of the great authorities in the country.

Mr. WOODRUFF. He is the outstanding authority in the country.

Mr. KNUTSON. Certainly we should not haggle over an hour when we have before us a witness like that.

The CHAIRMAN. Could we not read his remarks in the record?

Mr. KNUTSON. We may want to ask him some questions which may not occur to us if we do not hear what he has to say.

Mr. LEWIS. Allow me to suggest a compromise. Dr. Epstein, thanks to your labors in the past, much of the information on this subject has already been presented to the committee. I think you could manage in half an hour to present those facts that you feel are not quite generally known.

Mr. EPSTEIN. Even then I should like to analyze, for instance, the unemployment insurance provisions of the bill, and it would take me half an hour to do that. Honestly, I could not do a decent job in that time. I have appeared before these committees year in and year out, and I know what is before me.

Mr. COOPER. Mr. Chairman, I recall that Mr. Epstein appeared before the committee or a subcommittee of this committee during the last session.

Mr. EPSTEIN. That is right.

Mr. COOPER. On the question of unemployment insurance. He made a rather lengthy and, of course, valuable statement. That is now available to the committee.

Mr. EPSTEIN. But we are discussing a different bill and I have different remarks to make.

Mr. COOPER. With that information before the committee, would it not be possible to condense the gentleman's remarks somewhat?

Mr. EPSTEIN. They would not apply to this bill, Mr. Congressman.

Mr. COOPER. Could you not point out the differences between the two proposals and give your comments on those differences?

Mr. EPSTEIN. I shall try to be brief, gentlemen, and I am usually brief.

I am merely asking for something that I think is only fair. After all, I do represent a national organization which has been chiefly responsible for the social-security legislation that has thus far been attempted.

Mr. COOPER. Mr. Chairman, I move that we allow the witness 30 minutes, falling in line with Mr. Lewis' suggestion.

The CHAIRMAN. Is there objection to that request?

Mr. WOODRUFF. May I offer as a suggestion that during those 30 minutes Dr. Epstein confine his talk to the matter of old-age pensions; and if it is not possible to hear him at length on the question of unemployment insurance, that he be permitted, which he would, under the rules of the committee, to file a complete statement on that subject for the record.

The CHAIRMAN. Of course, the witness is at liberty to choose his own course and to speak on whichever phase of the bill he chooses. Then he has the privilege of extending his remarks in the record, a privilege we extend to all witnesses.

Mr. COOPER. Our purpose was to leave it to the discretion of the doctor as to the subject he wanted to discuss during that time.

Mr. EPSTEIN. I will try to cover the subject in half an hour, Mr. Chairman.

The CHAIRMAN. Without objection, the gentleman is recognized for 30 minutes at this time.

Mr. EPSTEIN. I would suggest, gentlemen, if you will please not interrupt too much, I think I shall probably get through in that time. The provisions on old-age and mothers' pensions in this present bill are, to us, the clearest and the best in the bill, and we endorse them 100 percent.

In this connection I might say that after spending 20 years' of work on old-age pensions primarily, after writing three books on the subject, after being in the active fight in all of the 28 States which have adopted pension laws, I want to say to you members of this committee that you have in this provision for a Federal subsidy of up to 50 percent or $15 a month, the best, the most logical provision which we can possibly get.

Let us not be fooled by promises, by false hopes, that this is too little or that is too much; $15 a month as a Federal subsidy, up to 50 percent of the average pension, which will permit some States

to pay more and allow some States to pay even less, is, to my mind, after actual experience of 20 years and with thousands and thousands of old people in this country, an ample provision.

My experience has been in New York City as well as in rural communities, and I say that that kind of a provision is ample.

Moreover, this appropriation that you are proposing of $50,000,000 this year is more than ample. The appropriation which is proposed of $125,000,000 next year is more than ample, because, in addition to pure actuarial figures, you have got to use a little bit of common sense.

You cannot possibly get all of these States to follow the Federal lead this year, even if you adopt this bill. They would not all come in. At the present time we are spending only about $30,000,000 on old-age pensions. Even if many States come in, we would not spend more than $50,000,000 this year. So you will have ample funds.

Gentlemen, do not be confused with the notion that this old-age pension problem to which some of us have given a lifetime—which has for its purpose providing security for the destitute old men and old women—is going to be a panacea, a cure-all, for all the evils of the world.

The old-age-pension problem should be considered purely from the point of view of giving security to the old men and the old women. An average of $30 a month throughout the Nation does provide security for the aged. It will not, perhaps, in some cases, but in the overwhelming proportion of cases, I am prepared to say in 90 percent of the cases, that is ample provision.

Of course, if you are seeking a panacea, a cure-all, and want to spend money, you need not necessarily pick the poor aged as a means of doing it. Pick somebody else. You can give that money to the youngsters and you will be able much better to spend money. A child of from 3 to 12 can have more money spent on it than an old man will spend on himself. You can spend $200 a month on a child of from 3 to 14, while an old man, who may have acquired Scotch habits of thrift, does not know how to spend that much money; you would break his heart, he would faint if you were to give him, all of a sudden, $200 a month. As to most of them, they have not seen that much money in all their lives. Give it to the youngsters, if you want to give it to somebody merely for the sake of spending it, and the toy industry will boom overnight, and we will have such prosperity as we have never had before.

Why take a movement that has been built up over 25 or 30 years in this country, just when we reach the stage of having Members of Congress, members of State legislatures, and State governors agreed that there is a demand for this kind of legislation, and a need for it, and wreck it now on a crazy proposal, a proposal of lunacy, that is offered as a panacea to solve all the world's problems? You cannot do it through the medium of these poor old people.

I say that that phase of the social-security bill is the most intelligent that we have had. It is sound. You should not deviate from its provisions, and I am speaking now as one who has done most in promoting this legislation; perhaps more than any other man in this country.

Now, we have one or two suggestions to make as to certain provisions of the bill. I do not know whether I should take the time to

mention them now; perhaps not. But I should be glad to see the chairman or members of a subcommittee on this matter of a couple of minor suggestions.

There is only one objection that I should like to make definitely, and on that, gentlemen, I want to appeal very strongly to your sense of honor and duty. For 20 years, in all of this legislation, we have sought to do one thing with old-age pensions. We have sought to establish a system whereby the old men and the old women who have been poor all their lives, who could not save because they did not make sufficient money, would get some measure of security, and would get it in as self-respecting, in as honorable a manner as possible. True we do not offer them $200 a month. We did not want them to get heart failure. But we wanted to give them some little security in their home, in as self-respecting a manner as possible, and, thank God, I am glad to say that in most of the States we have succeeded. The old-age pension laws are respectable.

They are conceded to be a more honorable method of taking care of these people than poor relief. I want to appeal to you, do not now nullify all of that psychology that we have built up over a period of 20 years, do not destroy all the good work that we have done by turning this administration, the administration of this relief, over to the F. E. R. A., which will definitely turn it back into a poor-relief proposition, and attach to it a relief stigma. That is a very dangerous thing to do. It will nullify 20 years of our work.

Remember this, gentlemen. I want you to know that in all of this I have no feeling about Mr. Hopkins. On the contrary, there is no man that is doing a better job in social work than Harry Hopkins. I have no objection to Mr. Hopkins administering this, but I do have serious objection to putting the administration in a relief organization, which attaches to it very definitely that poor-relief stigma, which we have so far avoided, and will nullify all of the work that we have done over 20 years to make this pension proposition self-respecting.

Besides, you are establishing a permanent system of subsidies. And you are proposing to give it to an emergency relief organization which may not exist a year from now. You may abolish it in this Congress or the next Congress.

So I should urge you very strongly, as strongly as I can, to provide the kind of administration that ordinarily would be given to any permanent bureau. There are lots of bureaus in the Department of Labor that could handle it. Simply take it out of the realm of relief, and do not ruin 20 years of effort in trying to make pensions for this purpose self-respecting, and as honorable and decent as we can possibly make it.

Now, I come down to the contributory-pension provisions. I think in the hearings you have had a clear conception of what these two phases are. There has been a terrible misunderstanding in this country as to what it is all about, and I am sorry to say there was a terrible misunderstanding last year in Congress on this subject.

Some of you Members, those especially who were with the Rules Committee, know of the fights that we had last spring.

Let me say that there has been a tendency in this country—and that was true, almost, of every Member of Congress or member of a

State legislature—as soon as you talked about a contributory plan, he would say, "Let's have a contributory plan and it will not cost us any money."

Of course, we do not care about money any more. But we used to care about money. That was the big argument that was made.

What we have got to do—and I think Mr. Witte made it very clear here—is this. There are two sides to the problem of old-age dependency. One is the immediate phase today, and again I want to caution you, as perhaps the one man who has studied this problem more than anybody else, that when people tell you there are going to be 2 or 3 million people on a pension in this country in the next 2 or 3 years, you just call them fools, and that's all.

We have not more than 175,000 or 180,000 pensioners today, and over 70 percent of the population of this country is already covered. We are not going to have even 1,000,000 people in the next 3 or 4 years. You cannot even say that all of the 700,000 people who are receiving emergency relief today will get on these old-age pension rolls. Remember this, that there is to be an investigation which will disqualify a lot of people that are now able easily to get emergency relief. Remember, we are setting up standards of decency, of self-respect, strict qualifications that will eliminate a great many of these people.

A great many of these people on emergency relief have not even been carefully investigated as to whether they are entitled to it or not. Whether they are or not I do not know.

But then you have this problem, whether it be for half a million or a million people today who have no means of support, who cannot possibly get a job, and most of them have children who cannot possibly support them, or have no children at all. There is no possible way of meeting the problem except through this State pension plan, such as is provided in this bill under a Federal subsidy.

Gentlemen, you have a right to say as members of the Ways and Means Committee of the House, or members of the Finance Committee of the Senate, or members of the Appropriations Committee, you cannot afford to undertake a straight subsidy like this forever, something which may perhaps involve you in an expenditure of billions of dollars some day. You have a right to say that.

So the second feature of this program is given to you for the express purpose of meeting that problem.

You say that you are going to meet the present problem of taking care of these people who are 65 years and over. But, for the future, you are going to have a contributory pension plan in which men and women of the younger ages will be making their own contributions so that gradually men and women will retire, not on straight pension, under a noncontributory system, but will build up their own funds gradually until the governmental responsibility is at least diminished. It will never be abolished completely. You will always have classes of people that will not qualify under the contributory plan. There will always be people of old age, who are poverty stricken, who will have to be taken care of. You will always have to have a small subsidy to take care of them. But it will be so small that it will not be significant.

The big job will be done by the contributory plan. The provisions as to the contributory feature of the plan are absolutely sound, except

that in this bill it is badly drafted. It needs a good deal of redrafting; it needs a good deal of clarification. It is a puzzle to me, frankly, although I have read it and studied it. I think I know what it means. I think I know what these people are after. But it does need a good deal of clarification.

I have noticed that a problem has been raised with you as to the Federal subsidy in 1980. The thing that surprises me, as I have appeared before congressional committees and have appeared before committees of almost every State legislature in this country, is this: I am struck with this change of attitude on the part of members of the committees. There used to be a time when appearing before a committee of Congress or a committee of a State legislature if we said, "Listen, gentlemen, you ought to figure for the next 10 years or for the next five years", they would laugh at us and say, "What; 5 years? This situation will be all over by that time. We do not have to worry about 5 years. Two years is the most we have to think of."

Now all of a sudden I see that a lot of Congressmen and others are worried about what will happen to this country in 1980.

Gentlemen, why change so completely all of a sudden? When you did not use to worry heretofore about what would happen for more than 6 months ahead—and most of our legislation has been for 6 months or a year or 2 years—why all of a sudden get excited about what the country is going to have to pay in 1980?

I say that you should think in terms of the future, but certainly you should not get faint because of what might happen to this country if it will have to spend a billion dollars in 1980. A billion dollars in 1980 may not be worth 2 cents. Nobody can tell what is going to happen. It means nothing now. But you can do this. You can overcome even that if you just modify—and I am sure the administration will have no objection to that—if you modify it in this way. You can either say that the Federal Government will by a gradual system subsidize the contributory pensions so long as they are low, or you can say to a man, let us say in 1947 or 1942, if he is retiring on this contributory-pension scheme, and it amounts to only two dollars and something per month, you can say to him, "You take that, we will also give you under our noncontributory pension system, if you are in need, a certain amount of money; the contributory pension is something extra for you because you contributed to us."

You do that for 10 or 15 years. He continues to get noncontributory pensions until, in a period of about 20 years, he gets to a decent pension of his own from the contributory fund. Then, if he has built up enough of a fund of his own, you stop under the noncontributory system.

Or, you can make up the deficit of the Government in this way. Instead of putting it off until 1980 and just borrowing money, which is a bad thing to do, you can have a subsidy arrangement, appropriating small sums, 5 or 10 millions, from 1940 on. Even then you have still got 5 years to breathe, during which you have nothing to worry about. At least, the Congress in 1940 will worry about it. And it will not be so much of a worry, anyway.

Why get scared? Why lose our heads because we may have to pay a billion dollars in 1980? Suppose we do. Does anybody know what a billion dollars will mean in 1980?

Now there are several suggestions concerning the bill that I would like to make. There is one thing I want to call your attention to, and that is this; and it is a very important thing: It is that the present provision in the act concerning contributory pensions takes in everybody in this country; small employers, farmers, and everybody ese.

This may sound strange, coming from me; that is, it may sound strange that I shoud be trying to restrict the pension system in this country. Yet I think it is logical that it should come from me, because I am interested, gentlemen, in seeing that we have a decent system of old-age security in this country. I am interested, perhaps, more than anyone else. I do not want to have Congress do something that will come back and plague us a year from now and may antagonize the country 2 years from now so that another Congress will come in and repudiate the whole business.

I would rather start mildly and softly, but soundly. Give us, first, this pension of $15 a month. Do not rush us to $25, and when that money is wasted, have another Congress come along and rip the whole system out. Start modestly. You will have time enough to make increases a year from now.

Do not try to collect now from the farmers. Do not try to collect from the domestic servants. You cannot collect money from farmers. You cannot collect money from domestic servants. If you try to do that, you are going to have to spend more money in administering the act than you will ever collect. And when that leaks out they will come to me and say, " You are a hell of an advocate of social insurance. Look what you did; you made a mess of it." I am standing here before you, and I appeal to you, do not, for God's sake, ruin this legislation by overdoing it at first and undertaking things that you cannot possibly do.

You cannot make collections from farmers at this time. You cannot collect contributions from domestic servants. You cannot collect contributions from push-cart peddlers and small-store proprietors. It will cost you twice as much to collect as the amount of money that you will collect.

So, for God's sake, start mildly, start modestly. Let me tell you that no other country on earth—not only the big countries like ours, but other countries that are not spread out as ours are—no other country dared to try to include the agricultural workers and the domestic servants at first. And if that is so, why should you, with such an immense country like ours, with such a problem of administration to tackle, why should we undertake all these things and then fail in the administration of them so that it will all come back to us to plague us for the next generation.

I do not want to see that done. Include those employers from whom you can collect. You can collect from an employer of three or more people. That will not cost so much. But you cannot collect from farmers, you cannot collect from domestic servants. You cannot possibly do it.

Frankly, I do not want the farmers to come in here and fight us. We will have enough of a fight with the manufacturers' association. Why take on the farmers at the same time?

We have had enough of a fight for the last 20 years. Good Lord, I know what that fight means. Why give us all of this extra trouble by including the farmers in addition? After this has been tried, after it has been experimented with, and the farmers see what great benefit it is to everybody, the farmers then may want to come in. We will see. When they do, we will say "Amen ", and we will welcome them with open arms and say, " Yes; please come in. We will be happy to have you."

But do not let us undertake too much now. Do not let us undertake a fight that will defeat us. Do not try to take a bite that will choke us in trying to swallow it. We jus cannot do it.

There is another serious error that was made in this bill, and it is probably nothing but a drafting error. There are plenty of them. There is the proposal to assess 1 percent of the whole pay roll. Gentlemen, you cannot do that, and you should not do that. If you take, especially the large companies, gentlemen, perhaps 30 or 40 percent of their pay roll is in executive salaries and other large salaries. Those people are not included under the pension plan. They are exempted if they make more than $2,500 a year. It is not fair to tax those people and give them nothing. You have no right to do it. Besides, that becomes not a 1-percent contribution or tax on the company's pay roll for insured workers but it becomes a 2-, 3-, or 4-percent tax. You should not do that. No country does it, of course. Tax 1 percent of the wages of those workers who come under the insurance plan. You cannot tax the whole pay roll. It is not fair, and you should not do it, and they would not let you do it, anyway, probably. In any event, it is not right.

There is another point that I would like to raise, and that is this. Suggestions have been made to you about raising the contributory rates from the present provision of 1 percent, to 2 percent and 3 percent in a few years. I want to plead with you gentlemen, if you really have any interest in social-security legislation in this country—and I know that every one of you does have that interest, and I know that some of you have given years and years of your lives to see that we have it—for Gods' sake, do not do that now. Do not overload yourselves. Do not try to tax the people too much by making this a 3-percent tax on old-age and another tax on unemployment insurance. We will also want health insurance. If you do that, you are going to arouse the American people, on account of the tremendous amount of the tax.

For God's sake do not let us do these things too suddenly. We can kill ourselves by a sudden jolt. Let us do these things gradually. One percent for the next 5 years will be sufficient and will provide us sufficient money for our purposes. We may begin to run into a deficit in 1960 or 1965 or 1970, and we will make up the deficit. But let us not run headlong into a stone wall and crack our heads. Let us go slowly and keep before us the purpose of laying a solid foundation on which we can build in the future. We must not run like an insane person into a stone wall and crack our heads.

There is one other thing that I would like to suggest, and that is in connection with the social-insurance board. You have a pro-

vision in the bill that this social-insurance board should be in the Department of Labor. I want to appeal to you—and I think this is very important—I want to appeal to you to see that that board should be an independent board, such as Congress has created frequently. This job will be too big for a departmental bureau. There are some traditions in a department, certain past practices which may make it difficult for this board to function within such a bureau, civil service and personnel requirements, and so forth. There are all kinds of objections of that kind. This is going to be a tremendous job, and it will not be able to function properly under that kind of a set-up.

Since Congress has always worked through independent commissions—only last spring, for instance, you created the Railroad Retirement Board as a separate board, an independent board, and certainly it will not have the magnitude of operations that this board will have—so that I would say, from the point of view of efficiency of management, from the point of view of efficiency of administration, this should be an independent board, independent of any other departmental bureau. It should be an independent board like the Tariff Commission or the Interstate Commerce Commission or the Railroad Retirement Board.

Now, on the matter of unemployment insurance. Referring to the unemployment-insurance provisions in this bill, gentlemen, we are sorry to say that we have to disagree with these provisions.

Some of you will recall that we did endorse the Wagner-Lewis bill last spring. But we have learned something since. First, this particular bill is not even as good as the first Wagner-Lewis bill. Secondly, we have been able to learn a little bit, and we really endorsed it last spring more because of political strategy than because we were heart and soul for it. Last year we felt that was no time to raise an issue. We thought that we would forget the provisions, just to get the issue before the Congress. But we feel that time is gone. We might as well think clearly now.

I know that the impression has been conveyed to you, and all of you are under the impression that you cannot really frame a decent unemployment insurance bill in this country because the experts disagree so much; I want to come here to tell you that 99 out of every 100 students of the problem agree at least this much, that the provisions in this bill are no good. That is a pretty unanimous opinion.

Mr. Cooper. Agree on what?

Mr. Epstein. They agree that the provisions of this bill are no good, that it cannot function, that the provisions on unemployment insurance in this bill are not right. I say that 99 persons out of every 100 that know the problem, students of the problem, do not approve of the present provisions. I want to call your attention, and I believe your attention has already been called, to the fact that the advisory council of the Committee on Economic Security did not recommend these provisions, but actually recommended contrary provisions. The experts of the committee did not recommend these provisions. None of us who have studied this problem and have written books on it have recommended this thing, except just a few people chiefly in the administration. So that these particular provisions do not come from the experts of this committee.

Mr. LEWIS. I think you ought to be specific and indicate the particular provisions to which you refer.

Mr. EPSTEIN. As I said, first I am going to tell you just why we object to the provisions. We object to the provisions, first of all, because they have no real standards. The bill does not even have the standards that were provided originally in the first Wagner-Lewis bill. It simply leaves everything to the States and will permit a hodge-podge of 48 different State plans of unemployment insurance, and, of course, most of them will never be insurance. They will be plans such as embodied in Wisconsin law, which are not insurance plans, which are essentially meaningless paper schemes, where the unemployed will never get any real benefits. You will have a hodge-podge of things where the migratory worker in going from one State to another will never be able to know his rights, while workers of one company in different States will have different regulations, and you just simply will have nothing at all when you have succeeded in getting all the States to adopt something.

I want to call your attention to two conceptions that underly this bill, both of which are to my mind as false as can be. There are two basic fallacies that underly this bill. One is a very undemocratic conception. The undemocratic conception lies in the fact, which is almost Communist in its theory, that the employers in this country can regulate any law they want in a State legislature; in other words, that if only employers want something, they can get any bill they want through a legislature.

I want to say to you gentlemen I have dealt with legislatures and Congress for 20 years. I have probably been the only friend that Congress has had outside who has been defending Members of Congress and members of legislatures. I stand right here before you and say, after 19 years' experience with legislatures, that there is not a State legislature in this country that is dominated entirely by the employers of that State. Employers in some States have influence, but, good Lord, we have licked them in State after State, in very bitter fights for years. Certainly, you gentlemen of the committee, is there any one of you that will say that in your States employers run the legislature and they can dictate the kind of legislation they want? It certainly is not true of agricultural States, and it is not true even in my own State of New York, or my older State, Pennsylvania.

The Manufacturers' Association was a power in the Pennsylvania Legislature, but is not a power today. Even then we licked them repeatedly. We got an old-age pension bill through once, but they knocked it out. We had to go to court about it; but we got it through the legislature.

As the present bill stands it has nothing to do with the State legislature or the Governor. The Federal Government under this bill will have nothing to do with the Governors or with the States or with the people. It will go to the employers, or, rather, it would not go itself, it would ask me to give up every bit of self-respect so as to beg the very people that I fought for 20 years, to go to them and say—such as to Mr. Emery, of the Manufacturers' Association—"Why don't you see your own interests? Why don't you see that if you only pass a proper State unemployment-insurance law you

are going to get off 90 percent of your tax?" And Mr. Emery will tell me what he told me 7 years ago: "There is nothing I can learn from you, Mr. Epstein."

The employers in this country are the only ones that would benefit by State legislation under this bill.

Mr. Cooper. I would like to ask you, if you will, please, Mr. Epstein, to point out to us definitely the suggested changes that you have in mind on the title of this bill relating to unemployment insurance.

Mr. Epstein. I am coming to that.

The Chairman. Your main statement is completed, but you may answer questions.

Mr. Epstein. I will just answer this question, which is really part of my statement. That saves me a lot.

The Chairman. That is all right.

Mr. Epstein. I do not know whether I can preface it by one other statement, just to get down to it. I said it was an undemocratic assumption, and I say also it is an unrealistic assumption of the employees, because I know, if I know employers—and I think I know them after 19 years. They have an ideology which will rather make them pay 5 percent to the Federal Government so long as everybody else pays it, and that is simply put on the consumer and there is no loss, than take a chance with some State legislature that may put on an extra burden and really put them at a competitive disadvantage.

We suggest, gentlemen, that you can follow the same bill. All you have to do is make certain amendments. You, first of all, in a separate bill set up this excise tax, and that, by the way, fits in with the recommendations of the advisory council, with the recommendations I understand Mr. Green made before the Finance Committee, with the recommendations of the experts, and with the recommendations of all of us who have studied the problem and worked for it. You set up this excise tax as Federal revenue, 3 percent on employers. Again in this bill—it is all right—you have employers of four or more. I should go even as far as three or more.

Then in a separate bill you say to a State, "If you set up an unemployment insurance bill"—and do not say it to the employers and the State; you say it to the State legislature, to the people of the State, to the Governor of the State, which is the democratic way that we should deal with it—you say, "If you want protection for your people"—and they do want protection for the people. The employers do not want it, but the Governor and the State legislature do want protection. You say, "If you adopt a decent bill that will comply with certain basic Federal standards, such as minimum benefits, such as a certain number of weeks of benefit, such as a real guarantee of good administration, and so forth; if you establish that and you guarantee us that you are going to administer it right, we will turn over to you the money we collect from your State."

To state it this way, you are raising this by a tax of 3 percent on employers of four or more employees. You say in the other bill, "If you do adopt a decent law, we return to you 3 percent of the wages of employers with four or more employees." That is more constitutional. It is traditional with all our subsidy traditions. It is perfectly logical and legitimate, and it is democratic and realistic. Your appeal goes out then to the Governor and the State legislature

and the people of the State, who will see to it that legislation is actually enacted, and not merely to appeal to the employers' interest, who have an ideology of their own, who would not suffer at all by the present Federal tax, because they can easily transfer it on to the consumers; and you would get nothing but a hodge-podge of the worst kind of things. It seems to me that is absolutely essential.

Mr. COOPER. Am I correct in understanding from your statement that you advocate a separate measure to accomplish part of the purposes sought to be embraced in this measure?

Mr. EPSTEIN. I would say that the two would be better split up from a constitutional point of view. There is the problem. This bill, by the way, will raise innumerable constitutional difficulties. My suggestion is based on the idea that it is safer constitutionally to separate the revenue-raising part from the disbursement part. I am taught by constitutional lawyers that that is a safer procedure than embodying the two-in-one bill which may raise constitutional difficulties, of saying you are actually putting over a tax for a specific purpose, which Congress is not allowed to do.

Mr. COOPER. From the viewpoint advanced by you, I am wondering just what it is you have in mind that will require two separate measures. If this is an act of Congress, which, of course, will have to pass the constitutional test that is applied to it, why cannot the other plan you suggest be incorporated in this?

Mr. EPSTEIN. Except for this one danger, Congressman, that the Federal Government is not allowed to raise taxes for specific purposes. You know that. If you have the same bill, in which you set up a revenue on the one hand and a disbursement provision on the other hand, and you use the same revenue for that disbursement, you raise that question, which the opponents will take to court and say: "Here Congress has specifically set itself up to raise revenue for a specific purpose, and that is their purpose." But if you do it in two bills you are at least escaping some of the difficulties. Again, I am not ready to say here what the Court will do on that thing. None of you is ready to say what it will do. But I am merely trying—there is one thing I have learned in 19 years' work, or 20 years, and that is to avoid constitutional difficulties. I will do anything to get a law that minimizes the constitutional problems, because I do know from bitter experience that if you have a social legislative law that is nullified by the Court, you wait a generation afterward to try to change it. Look at your child-labor amendment as a concrete example.

Mr. COOPER. I have conferred with my colleague here, Mr. Lewis, to some extent on the provisions of the Wagner-Lewis bill considered last session, to which you have referred as in comparison with this measure. My impression was that the principal differences between the unemployment-insurance provisions of this measure and that bill were in the fact that that bill included certain standards as to the waiting period.

Mr. EPSTEIN. More standards than this one has.

Mr. COOPER. And the amount of benefit that is to be paid.

Mr. EPSTEIN. In other words, more standards than this one has.

Mr. COOPER. In what other respect do you understand that this bill essentially differs?

Mr. EPSTEIN. Otherwise it is the same thing, except for the percentage of levy, except the tax; on that I am not ready to advocate 5 percent myself.

Mr. COOPER. That was my impression.

Mr. EPSTEIN. But as I told you, I hope you will discount our endorsement of that thing at that time, because we did it more for political strategy than real honest convictions—not a party matter, because we have no party affiliations, but we thought maybe we would get the issue before the public.

Mr. COOPER. Let us see if we are clear on this point now. The only essential difference between the unemployment-insurance provisions of this bill and the Wagner-Lewis bill considered last session are those indicated——

Mr. EPSTEIN. Primarily standards.

Mr. COOPER. With reference to the waiting period and the amount of benefits to be paid.

Mr. EPSTEIN. There may be one or two more, I cannot just say definitely, but I think you are right in the basic contention that it is primarily standards, but the principle is just something we cannot endorse. We had a terrible struggle to endorse the bill last spring. We just decided to do it because of the quickness of the time and the urgency of the thing. But we do not feel we can endorse it now.

Mr. HILL. I still do not have in my mind how you would obviate the constitutional difficulties, assuming the consideration of two bills rather than considering the whole subject in one bill.

Mr. EPSTEIN. You obviate one difficulty of it, at least I think, raising the revenue for a specific purpose. You have at least a better chance. I am not saying that the court would necessarily say that, that that is absolutely certainly here when it is not. But at least you have one step away from your trouble. If you have it in one bill it is direct. The court says, " Just look there, you set up revenue and you are disbursing it. Obviously you set up that tax for a specific purpose." This way we say, " Why, we set up the tax, that is all. That was just the revenue for the Government, general revenue. We happen to be disbursing an equal sum in a separate bill." Well, that is another story.

Mr. HILL. In this bill you are collecting revenue from the employers.

Mr. EPSTEIN. That is right.

Mr. HILL. To go into the Federal Treasury.

Mr. EPSTEIN. That is right.

Mr. HILL. What would be the situation if you had two bills instead of one as to the collection of the revenue for the General Treasury of the Federal Government?

Mr. EPSTEIN. That is right. That is entirely separate. In other words, you escape one danger on constitutionality of a specific tax for a specific purpose. That is unconstitutional. You cannot raise revenue for a specific purpose.

Mr. HILL. You are not raising it for specific purposes here.

Mr. EPSTEIN. You would be.

Mr. HILL. For what purpose?

Mr. EPSTEIN. You would be raising it for the purpose of distributing it to the unemployed.

Mr. HILL. In this bill?

Mr. EPSTEIN. In this bill.

Mr. HILL. Just explain to us how that is.

Mr. EPSTEIN. What this bill says is that you are raising revenue. You have other constitutional difficulties in this bill. That applies more to my suggestion. In this particular bill there are other problems. You raise other constitutional difficulties, even more serious problems. You say to the employer, "You do not deal with the State at all." You say, "If the State sets up an unemployment insurance fund"—and, by the way, you are creating immediately two duplicating systems. You not only set up a tax first of all on the Federal Government which you do collect, but you expect the States to set up another tax, a duplicate tax. At any rate, you are going to have two methods of taxation right there on the same employer. And then you say to the employer, "If your State has a fund which is approved by the Federal Government"—and again, I want to make the point that one of the points that is embodied in this bill, to my mind, not only raises constitutional difficulties, but certainly gives me a pain in the neck. You are asking me in this bill that no State fund will be approved until all the money raised by the State is turned over to the Federal Treasury, and you expect me to go to a Republican legislature and a Republican governor, and to add to my troubles—of which I have already plenty—you ask me in addition to tell them to turn your money over to a Democratic administration. Two years from now you may ask me the other way.

Mr. COOPER. Mr. Chairman, I would like to pursue a little further the point of inquiry I was making a moment ago with reference to the differences that may exist between the unemployment-insurance provisions of this bill and the Wagner-Lewis bill considered by this committee at the last session; am I correct in understanding you to say a few moments ago that 99 out of 100 people——

Mr. EPSTEIN. Of students of the problem, I said.

Mr. COOPER. Who are informed on this subject, or students of this problem, would not agree to the provisions of the pending bill on the subject of unemployment insurance?

Mr. EPSTEIN. You are absolutely correct, Mr. Congressman.

Mr. COOPER. If the only essential differences between these provisions—the provisions of this bill on unemployment insurance and the Wagner-Lewis bill—are in the fact that this bill does not set up certain standards which were carried in the bill, and which you agreed with me a moment ago amounted in substance to the waiting period——

Mr. EPSTEIN. A few major things; yes.

Mr. COOPER. And the minimum benefits.

Mr. EPSTEIN. It was not much better, I agree with you. It was not very much better.

Mr. COOPER. Then in what other respect are we to understand that this large number of people who are students of this subject would disagree with this bill, if they agreed on the Wagner-Lewis bill?

Mr. EPSTEIN. That may sound like a terrible confession, but I will say this, though: Really, there was no hearty support of the Wagner-Lewis bill except a political situation which caused most of us to feel, "What are we going to do?" Here was an administration

measure. It was very poor. We felt it was our job to line up with the administration and support that thing. I frankly confess, truthfully, I had no heart for it, even at the time when I spoke before the committee and urged its adoption, but I felt that it was our duty at that time. There was a chance of getting a bill over to support the administration. I can say for myself that I have always fought these provisions in the unemployment insurance in this bill that in my book written 2 or 3 years ago I attacked this kind of system and insisted that it must be a more intelligent system. I will say there are a lot of the students who just simply did not understand the problem so much last year but have learned a lot. I will give you an example of what is happening:

The Wisconsin law 2 years ago was being promoted in this country and almost everybody accepted it as something worthwhile. You will find fewer people outside of Wisconsin today that will say that that bill or that law is anything but a paper bill that will amount to nothing, if it would be adopted. Unfortunately, some people have to learn. They have to take their time to discover things. A lot has happened, a lot of good thinking, clear thinking, has happened since last spring up to now. The result is that most people today feel that these provisions in this bill would primarily help Wisconsin, but it will help no State in the Union, and it would ruin the country for the sake of saving the Wisconsin law.

Mr. Cooper. Are we to understand now that you and others engaged in similar work with you came here and advocated the Wagner-Lewis unemployment-insurance bill during the last session of Congress on the ground of political expediency?

Mr. Epstein. That was primarily my motive, anyway. I do not know what the motives of other people were.

Mr. Cooper. You now State that you were not fully in accord on that measure at the time that you came here and advocated it?

Mr. Epstein. That is correct. I was not heartily in accord with it even then, but I endorsed it—the principle of it—as you would do and as anybody else would do. I do not think it is really such a terrible crime. We do certain things for certain strategic purposes that we ultimately either regret or feel we were foolish to do, but we all do it.

Mr. Cooper. I am not questioning your motives, because you have a right to pursue your course——

Mr. Epstein. Exactly.

Mr. Cooper. But I am just trying to get a clear understanding here.

Mr. Epstein. That is a frank way of putting it.

Mr. Cooper. We want information here that is reliable, upon which a great piece of legislation may be based.

Mr. Epstein. I think you sat in those hearings right at that time when I was testifying.

Mr. Cooper. Yes; it was my privilege to be a member of the subcommittee that considered that measure, and I remember very distinctly the very impressive and very valuable statement that you made on the subject at that time.

Mr. Epstein. But if you analyze my statement there, Mr. Cooper—I have not looked at it—I will say that I have not endorsed it, I

mean, in an analytical manner that I really analyzed the provisions and endorsed the provisions. I endorsed it on general principles.

Mr. VINSON. I am just wondering if you are sincere in your statements this morning.

Mr. EPSTEIN. I do not think anyone, Mr. Vinson, has ever questioned by sincerity.

Mr. VINSON. I know that we were all impressed with your sincerity at the time we had the hearings last year.

Mr. EPSTEIN. I was sincere at that time, too. As I say, if you will look through that statement of mine—I have not seen it since that time; I do not recall what I said—I am sure you will find there nothing that endorses the provisions of the bill. If I advocated it, I advocated it on general principles that we need unemployment insurance, and that bill was as good as any you could get perhaps at that time. But I know that I could not honestly—in all my writings I have condemned this type of provisions. I could not honestly have come and favored the provisions, but I endorsed the bill as a whole.

Mr. COOPER. I think we agree that the essential provisions between the pending bill on the subject of unemployment insurance and the Wagner-Lewis bill are substantially as follows: Minimum benefits to workers; State law must provide for payment of not less than, first, weekly benefits of $7, or 20 hours' wages; second, for not less than 10 weeks, or for a time dependent on period of previous employment.

Mr. EPSTEIN. You are reading the original Wagner-Lewis bill.

Mr. COOPER. Those provisions were in the original Wagner-Lewis bill but are not carried in the unemployment-insurance provisions of this bill.

Mr. EPSTEIN. Correct.

Mr. COOPER. Now, are there any other differences that you would term important or essential differences between the two measures?

Mr. EPSTEIN. Not essential, very much, except this——

Mr. COOOPER. To get back for a moment, if I may now, to my original question to you, realizing the long study that you have made and the valuable contribution that you have made to this general subject now under consideration, would you be kind enough to point out as briefly as you can the provisions that you think an unemployment-insurance measure should contain?

Mr. EPSTEIN. I tried to say, Mr. Cooper—which is absolutely in agreement with everything I have written on the subject for years—that I disagree completely with the philosophy, with the basic principle embodied in this bill of a tax remission plan to employers.

Mr. COOPER. All right.

Mr. EPSTEIN. That is to my mind absolutely wrong, and can never really accomplish anything. Besides, it will put you into all kinds of constitutional difficulties in trying to remit one employer that much and another employer that much, and so forth and so forth.

Mr. COOPER. I think we understand that point. Now, do you have another to suggest?

Mr. EPSTEIN. The other suggestion would be that the standards, of course, embodied even in the original Wagner-Lewis bill—and I am sure I spoke of that—were certainly far from adequate. I think that no bill should have standards less, at least, than 20 weeks' benefits. If you are going to create independent State funds, which

I do not believe is wise because you are having two tax systems, and I could do it better with this tax, and not have separate State-taxation systems, by Federal standards, if you do that, I should say that one of the basic requirements is that the fund in each State must be a pooled fund and not by individual employers for their employees, such as the Wisconsin law consists of. To my mind, any such law is not worth the paper it is written on.

Mr. COOPER. Then you think that at least the standards set up in the Wagner-Lewis bill should be incorporated in this bill?

Mr. EPSTEIN. Yes; better than those.

Mr. COOPER. Now, I think we understand that point. What other point do you have to suggest?

Mr. EPSTEIN. That is practically the only thing, the philosophy of the thing.

Mr. VINSON. What is your viewpoint as to company reserves?

Mr. EPSTEIN. My objection to that, Mr. Vinson, is this: First of all, you see, it is a misnomer in the point of view that you talk in terms of insurance. When you say to a worker that all he has to rely upon when he is out of a job is the fund accumulated for him by his employer, it is just the same thing as telling a man, "Instead of protecting your wife through an insurance company", you are telling him, "Why do you have to do it? You take $10 of your pay as a premium and put it under the mattress, and maybe you will live forever, and then your wife is going to get $5,000 when you die at the age of 340." So he takes that advice, and he puts it under the mattress, and immediately something happens. He may die, and all she finds in the mattress would be $10, only $10. Or a fire may happen and burn up the $10, and so forth. Now, you would not advise a man to do that, would you? You would say that a sensible man goes to an insurance company and puts that $10 there, so that no matter what happens to him, if he dies tonight, after he has paid the premium his wife is entitled to a thousand dollars, and that is guaranteed.

You are telling the workers in a State like Wisconsin, "All you can look forward to is the fund of your company." Now, what happens? You have a situation where good companies, such as the public utilities, will have fine funds, but no unemployed. But it will be a gorgeous thing. Everybody will be happy. The company will have only $75 for each worker, but there will be nobody to draw upon it.

Then here will be another company that has constantly had unemployment. There will be all kinds of unemployed there, but not a penny to draw upon because nothing has been accumulated.

Mr. COOPER. Then you do not believe in the idea of the preferential rates to specific companies or industries?

Mr. EPSTEIN. Mr. Cooper, that is a technical problem. I say that in a few years, after we have experience, if there is a possible way to make that adjustment, well and good. I do not think personally you can ever do it, but I am willing to try.

Mr. COOPER. Are there any other special points that you would like to point out that you think this unemployment-insurance provision of this measure should include, that are not now in the bill, other than those you have indicated?

Mr. Epstein. The essential thing is this change of the tax system. That is your principal thing.

Mr. Cooper. Those you have already covered. I am wondering whether there is anything else.

Mr. Epstein. There might be minor things if the bill is redrafted, you know. I cannot just think of it now.

Mr. Reed. Mr. Epstein, I must admit I am somewhat astounded at the statement which you have made here in regard to your attitude towards the subcommittee. The men on that subcommittee, to my mind, are about as able men as you will find in Congress. I believe they gave the most sincere study to the problem presented. It almost stuns a person to have you come here and say you did not disclose the information you had frankly and fully at that time, because it was all leading up to this legislation.

Now, I am wondering just how far you are keeping anything back from us now. What we would like to have you do now—because this is the Congress of the United States, and this is one of the biggest pieces of legislation we have had before it—is be absolutely frank and state to this Congress the exact provisions that you state 99 percent of those who understand the problem believe should be in this bill. We will never get anywhere unless the witnesses who talk here tell us frankly, not for strategical or political purposes, their honest convictions and views with reference to legislation of this importance.

Mr. Epstein. Congressman Reed, I think you can appreciate that I am frank, and you realize that this is not necessarily a pleasant position for me to be in. I mean, we did want to play with the administration. We did want to have the hearty support of this thing, which by rights we should have. But unfortunately the bill was drafted in a way that we cannot endorse.

At that time—let me be frank again with you as to that time—I was convinced that at that session Congress would not adopt that bill. I was absolutely sure of it. I am a fairly good analyst about possibilities of legislation, although I do not pretend to analyze or predict about this Congress, but I was pretty sound, I think, on most Congresses and most State legislatures. I mean, in my heart I knew it. But you put yourself in my position and you will appreciate that we are not trying to falsify things.

I am secretary of a national organization whose chief aim is the promotion of social insurance. It was very logical for us to feel that once we have an administration for the first time in the history of this country that can actually see the problem and willing to help push it, naturally the first inclination for you and for me would be to do everything we possibly could to help the administration.

Mr. Reed. Right there, what do you think the reaction is going to be on people who listened to your first statement here, and then hear the statement here today that you are not in agreement and that 99 percent of the people who studied this question are not in accord with it? The important thing now at this hearing is to reveal to this committee in plain, clear language just exactly what the 99 students out of every 100 who have studied this question believe should be in this bill.

Mr. Epstein. That is exactly what I am telling you. The advisory committee of the President's Committee on Economic Security,

which was made up of employers like Teagle and Swope, other people like William Green, of the labor people, George Harrison, of the railroad brotherhood, and persons like Paul Kellogg and Helen Hall, of New York, have recommended that this subsidy idea should be the plan. The experts on the committee also made the same recommendations. From my studies I have recommended that very thing in article after article, and have repeatedly stated that thing.

Mr. Reed. Have you prepared any in specific terms that you can place before this committee now? That is what I mean.

Mr. Epstein. I can do it; if you get the report of the experts committee you will have that whole thing analyzed thoroughly.

Mr. Reed. You are the witness.

Mr. Epstein. I will be glad to.

Mr. Reed. You can lay it before the committee, if the members have no objection.

Mr. Epstein. I can do it without any trouble, except I have just notes on it. I did not prepare any full statement.

The Chairman. Why was it that the large number of people who you say are specialists, who disagree with what is in this bill, failed to impress those who are responsible for the bill?

Mr. Epstein. Because they did not consult us, Mr. Chairman.

The Chairman. They did not consult you?

Mr. Epstein. No. We pushed ourselves and tried to do everything in the world to try to prevent this very kind of provisions being embodied in the revised bill.

The Chairman. You acted in the capacity of an advisory committee?

Mr. Epstein. No. We tried in every way. We were not the official advisors. I might say, gentlemen, that, for instance, people who have done the most writing on the subject, such as Dr. Rubinow, who has been writing on the subject for 30 years and is one of the outstanding authorities internationally, was not consulted on this thing. Professor Douglas, who is an outstanding man—I am sure he will be up before your committee sometime soon—was not consulted. I was not consulted except in the old-age provisions, and the old-age provisions are happily all right.

Mr. Vinson. Assuming that the language in this bill on unemployment insurance is reported to the House without change—I know that is a violent assumption, because I feel certain there will be some substantial, material changes—but with that assumption, would you favor enactment of that language in the law, or would you oppose it?

Mr. Epstein. I would oppose it if the present paragraphs were embodied.

Mr. Buck. The gentleman has indicated his dissent from inclusion of farmers and domestic servants under the terms of the old-age pension. Does your dissent also go to the unemployment insurance as far as farmers and domestic servants are concerned?

Mr. Epstein. Certainly; not because I do not believe they should not be in, but I know that pragmatically, for the present, we are not ready to take in that group of people. We just cannot administer it.

Mr. Buck. Is that because of the difficulty of collection, largely?

Mr. Epstein. The difficulty of collection, largely, and the general opposition that you create of new elements that do not want to belong.

Mr. BUCK. Is there also an element of difficulty there, due to the fact that there are largely transient, itinerant laborers involved?

Mr. EPSTEIN. That may be so. In your State, especially, I think that would be a problem; I mean with agricultural workers. We are just simply not equipped in this country on a national scale to enforce contributions on those groups. I do not think we are capable.

Mr. VINSON. Would you include casual employees in those excluded; the farmers and domestics?

Mr. EPSTEIN. I would have casual workers; very much.

Mr. VINSON. For the same reason that you have given?

Mr. EPSTEIN. Yes; that is right. There are degrees of casual workers. You can take in certain groups, too, in your provisions. We have drafted a model State bill, by the way, where we have tried to make this very adjustment; that is right before you, that you can see. It has been introduced in a lot of States, that particular bill. It covers all these groups. I consider it as intelligent as it can be.

Mr. KNUTSON. Mr. Epstein, you say you have been devoting the last 20 years of your life to the work of placing on the statute books of the several States a fair, workable, old-age pension law. At this stage, would you be willing—I am sure the committee would be glad to hear you—to express your opinion on the so-called "Townsend old-age pension plan"?

Mr. EPSTEIN. I will try to reply indirectly, Mr. Knutson. I have called it in one article a lunacy scheme.

Mr. KNUTSON. What?

Mr. EPSTEIN. Lunacy. And I still hold to that phrase. To me, of course, as one who has given all these years to this work, it is a tragedy from the point of view of the old people, because here we have just reached the stage where every Member of Congress has realized the immensity of the problem. And I might say, gentlemen, that it is not Townsend that aroused you to the need. Mr. Woodruff has been in this subject, I remember, for at least 8 or 9 years, as he said. Remember that in two successive Congresses your own committees unanimously reported out the Dill-Connery bill. So when people say that this is a new idea, that Congressmen have been just flooded with the thing and all of a sudden have begun to realize, that is not true, because historically Congress has held about a dozen hearings. There are innumerable reports on the whole matter. Innumerable hearings have been printed in both Houses. I have had the privilege of appearing before innumerable committees both in the Senate and in this House.

I do not want to describe that thing as an economic thing, because after all, it is fantastic to ask any one of us to discuss a lunacy in terms of economics.

Mr. KNUTSON. Discuss it in the terms of lunacy. I want to get your reaction to it.

Mr. EPSTEIN. In terms of lunacy? You have to be a lunatic to discuss it. I must discuss it as it sounds. I have done this thing—that I will be glad to leave in the record [indicating documents].

Mr. KNUTSON. Let us hear it. We have 20 minutes. Let us hear you discuss this plan.

Mr. EPSTEIN. What I want to say first, perhaps, is this: That you must distinguish one thing; that is, when you talk of the Townsend plan in terms of old-age security, do not conceive of that as old-age security. Some of the more intelligent Townsendite promoters have been intelligent enough to see that. The Townsend idea is not concerned with the aged. It does not have any affection for the aged. He is interested in a sales tax, in curing all the world's ills by a sales tax, by making prosperity overnight. The way to make prosperity overnight under that idea is: You tax all the people and then you put 10,000,000 of them in Paradise. By putting 10,000,000 in Paradise, somehow or other, the miracle is performed. Everybody wastes his money and everybody gets rich overnight. As I say, I cannot discuss it in terms of economics.

Mr. KNUTSON. You mean they will become prosperous overnight by wasting their money?

Mr. EPSTEIN. Exactly; that is the idea. Dr. Townsend, I know not by what degree of imagination, somehow decided that the old men and the old women are the ones to be the wasters. I resent it, on the contrary, because I know that most of the aged do not know how to spend $200. Most of them have not seen $200 or $100 in their lives. If you give them $200, they might die right off, not live to spend it, because it will shock them so much. You are actually going to increase the death rate among the aged if you do that, so much as to almost abolish the whole problem.

You notice this is the budget that the Townsend people have worked out. The only conception they have of wasting the money in this miracle is you give an old couple $200 apiece; that is, $400. The big problem has come up with all the people there. "How are we going to spend $400?" So much so that the promoters had to work up a table or a budget. If you examine that budget you will be interested to find that about $150 or $175 a month of that budget goes to a car, to the buying or running of an automobile. Interestingly enough, $75 a month of that budget is set aside for the wages of a chauffeur. In other words, all the old people in California and North Carolina and in Michigan and everywhere else are going to hire a chauffeur. The idea is, under the Townsend plan, that this business will grow so much that wages will be multiplied five times. And the only thing they allow for a chauffeur is $75 a month, which is hardly a living expense. When all the people will be riding around, $50 a month is allowed for the upkeep of a car and the purchase of a car. In other words, they will ruin a car every year, then buy another one. Twenty or thirty dollars a month is allowed for gas. I am told the automobile industry is booming, at least with pricing things. I understand the old people in some towns are just flocking to the automobile shows and pricing cars for the time when you are ready to give them the $200. The whole idea seems to be that if you just run a car to the ground quick enough and use up enough gas you get prosperity.

Mr. KNUTSON. Right there, one of my correspondents, an elderly gentleman, writes me that he and his wife would need $200 each month because it would be their intention to bring the whole family under one roof, and that would enable them to spend the $400.

Mr. EPSTEIN. These are thrifty people. They cannot figure out the spending themselves, so they are willing to share it with every-

body else. That is what I say, Dr. Townsend selected a poor group. That is exactly what would happen. They could not see their way for spending it all. It will just ruin their lives. Think of all the old people running into cabarets, shows, at 60 and over. It would just ruin them. Think of them staying out until 2 or 3 o'clock, trying to drink champagne to spend the money. You would just ruin the country and ruin them.

Mr. KNUTSON. Of course they would not live long.

Mr. EPSTEIN. That is it exactly. So the thing will stop in a couple of years. There will be no more aged over 60.

Now, I want to submit a little statement here. We have just made an analysis of some of the newspaper publicity——

The CHAIRMAN. Mr. Lewis desires to question the witness.

Mr. LEWIS. Mr. Epstein, using literary language, your magnus opus was your work on old-age pension. Is that correct?

Mr. EPSTEIN. Up until 3 years ago; yes.

Mr. LEWIS. Your interest in unemployment insurance was a subordinate interest?

Mr. EPSTEIN. Up until 3 years ago; yes. I was always a student of the subject. I mean I was a student of the social-insurance movement from the beginning, but I did not write on it.

Mr. LEWIS. You could not inform yourself about old-age pensions throughout the world without incidentally observing the presence of unemployment-insurance institutions in the various countries?

Mr. EPSTEIN. That is right.

Mr. LEWIS. Would this be a fair interpretation of your attitude now, and your attitude before the subcommittee that before the subcommittee you gave your support to the measure as a matter of tactics in the general objective of social security?

Mr. EPSTEIN. Correct. We had to hope that it would get through.

Mr. LEWIS. But you had in reserve a different plan of treatment of your own?

Mr. EPSTEIN. That is right.

Mr. LEWIS. That the treatment now embraced in this bill does not meet that reserve requirement of yours any more than the treatment of last spring in the Wagner-Lewis bill?

Mr. EPSTEIN. Correct. Except, Mr. Lewis, I would just add to this thing—your analysis is absolutely correct—you will recall that I never discussed with you last spring the bill as reality, you remember. You will recall that. I never conceived that as going through.

Mr. LEWIS. I cannot remember the details of it, but your statement, I will say now, comes to me as a complete surprise.

Now, may I ask this question: Had the bill of last summer been reported to the House favorably for its action would you have opposed its passage after appearing before the committee?

Mr. EPSTEIN. When the bill had a chance of passage, yes, I would; because at that time it was not a question of passage. I felt that the tactical thing to do was to push the idea ahead. But when it comes down to actual passing, I say this kind of provisions will plague us for 25 years.

Mr. LEWIS. Is that on the principle that the end justifies the means? Is that your idea?

Mr. EPSTEIN. Don't put it so strongly. But the idea is that we want to get something that is right. I would rather have a founda-

tion that is right and take a little bit than build on sand. That is my whole concept.

Mr. Lewis. Now, Mr. Epstein, you stated that 99 out of 100 persons, students, are opposed to the unemployment-insurance treatment provided in this bill. You repeated the statement on question a number of times. Of course, you do not mean to say that you have taken any census——

Mr. Epstein. From the people I know in the movement.

Mr. Lewis. Of opinion upon the part of people who have canvassed this subject.

Mr. Epstein. I mean students of the problem.

Mr. Lewis. You distinguish between people's desires and their opinions, of course?

Mr. Epstein. No; but I will say this, Mr. Lewis, that the statement I made is that students of the problem, people whom I conceive to know something about the subject—and I think I am qualified to know who knows something about this subject and who does not know.

Mr. Lewis. I do not know whether I am as qualified to judge as you are, Mr. Epstein, but I have been deeply concerned with the public's relations to it, and if I had to reverse the figures, I would reverse them, that 99 percent of those really concerned in unemployment insurance favor and do not oppose this bill.

Mr. Epstein. You talk about the word "concerned." It all depends on what you mean by "concerned."

Mr. Lewis. I mean intelligently concerned.

Mr. Epstein. Concerned and knowing about the problem are two different things.

Mr. Lewis. Not as the poor victims of the Townsend delusion are concerned about how they will spend the money, but concerned in the sense that they have a right to opinions, to have studied the subject enough for that purpose.

Mr. Epstein. I still hold on to my contention, and I think I can prove my statement as the hearings here will probably show as the days go by, that you will find the outstanding students of the problem in this country who have studied this problem do not agree with the provisions in this bill and have never agreed to them.

Mr. Lewis. The hearings now have gone on for nearly 2 weeks, and you are the first one to express that idea. There was no expression of it that I now remember of before the subcommittee at all, except as your own reverse opinion was then expressed.

Mr. Epstein. It is not quite a reverse opinion. I do not think you can make a case on that so much. I think I was fair to say what I said in the spring, and I think I am more than fair now, and it is not the best position for me to be in. I want to be honest with myself and with the members of our association, and with the members of this committee. You have so far heard practically only administration people. They drafted the bill and naturally they would advocate it. I am speaking of the bulk of students who have not particularly drafted this bill, but who have really been concerned in as well as understanding the problem. "Concerned" is not enough for knowledge.

Mr. LEWIS. Mr. Chairman, if I may at this point, I would like to file a very brief summary of the Wagner-Lewis bill of last year, and we have made a summary showing the changes that have taken place.

The CHAIRMAN. Without objection it will be included in the record.

(The statement above referred to is as follows:)

OUTLINE OF WAGNER-LEWIS BILL TO FACILITATE PASSAGE OF STATE LAWS ESTABLISHING SYSTEMS OF UNEMPLOYMENT INSURANCE

Such systems have been already proposed in 27 State legislatures but have failed because of the fear of prejudicing the State's manufacturers in their competition with competitors in States not adopting such unemployment insurance. The bill is designed to remove this obstacle to State legislation by imposing an—

*Equalizing Federal tax.*—On pay rolls of all employers of 10 or more persons (except farmers, governments, employers of domestic servants, teachers, nurses, etc.).

First collection: July 1, 1936. Payment of first year's tax is postponed to July 1936 to allow time for all the States to establish their unemployment insurance systems.

Rate of tax: 5 percent of pay roll. It is intended to reduce the rate from 5 to 3 percent by amendment in committee.

*Credits against tax.*—Employer may offset against the tax whatever he contributes to unemployment insurance reserves under a State law. Also, if State law scales down his contributions because he gives steady employment, he may offset the amount by which his State contributions are thus reduced.

*Minimum benefits to workers.*—State law must provide for payment of not less than (1) weekly benefits of $7 or 20 hours' wages; (2) for not less than 10 weeks or for a time dependent on period of previous employment.

State laws to decide (1) whether contributions to be made jointly by employers and employees or by employers only; (2) whether insurance reserves shall go into State-wide fund or in company funds; and (3) whether benefits to workers shall be more favorable than minima prescribed by this bill, and the rates of contributions necessary therefor.

Such systems have been already proposed in 27 State legislatures but have failed because of the fear of prejudicing the State's manufacturers in their competition with competitors in States not adopting such unemployment insurance. The bill is designed to remove this obstacle to State legislaion by imposing an

*Equalizing Federal tax.*—On pay rolls of all employers of 4 or more persons (except governments).

First collection: January 1, 1936.

Rate of tax: 3 percent of pay roll. For 1936 and 1937 the tax would be 1 percent, 2 percent, or 3 percent, depending on the progress of recovery as shown by the Federal Reserve index of industrial production.

*Conditions for getting credit.*—State law must provide: (1) All money raised by contributions must be deposited in special trust fund held by Secretary of Treasury; (2) no money raised by contributions can be spent except to pay benefits, through public-employment offices in the State.

*Credits against tax.*—Employer may offset against the tax whatever he contributes to unemployment insurance reserves under a State law. Also, if State law scales down his contributions because he gives steady employment, he may offset the amount by which his State contributions are thus reduced.

State laws to decide (1) whether contributions to be made jointly by employers and employees or by employers only; (2) whether insurance reserves shall go into State-wide fund or in company funds; (3) what the benefits to workers shall be, and the rates of contributions necessary therefor.

Mr. WOODRUFF. Mr. Chairman, I have before me the hearings before the committee of a year ago. On page 46 of the hearing I find

this statement from Mr. Epstein, in answer to a question of Mr. Reed:

It is up to all of us in the different States, as Miss Perkins stated, to fight for the best possible scheme. This bill would help the movement very much.

I think that very clearly establishes the fact that you did not give that bill your unqualified approval, but that you were giving it a sort of a clean bill of health in order to help a great movement to which you have devoted 20 years of your life.

Mr. EPSTEIN. I will say this, Mr. Woodruff, that I am sure you will not find a statement—I have not seen that speech for a long time—that I have approved the provisions of the bill. I did approve of giving it a send-off and saying that it is in the direction of social security.

Mr. WOODRUFF. In other words, your whole testimony so far as I have been able to read it quickly—I have not gone over all of it—indicates to me that the thing you were interested in was the principle of the bill.

Mr. EPSTEIN. The idea, a step toward social security.

Mr. WOODRUFF. Not the provisions of the bill.

Mr. KNUTSON. Mr. Chairman, Mr. Epstein was elaborating on the question I asked him.

Mr. EPSTEIN. On the Townsend idea. I told you I have some statements that I would like to submit to the committee for the record. We made an analysis, for instance, of the comment on the Townsend plan. We got clippings.

The CHAIRMAN. Without objection, the matter will be inserted in the record.

Mr. EPSTEIN. I will just put in a couple of those.

Mr. KNUTSON. If there are any outstanding observations there, please let us have them.

Mr. EPSTEIN. There are two or three observations that might interest you.

Mr. KNUTSON. Let us have them.

Mr. EPSTEIN. We found that out of over 600 papers canvassed only 57 newspapers were favoring the Townsend idea. Five hundred and sixty-four called it a lunacy, and so forth. The favorable papers come from towns like these:

Osceola Independent, Pella Press, Goodland Herald, Clarence Courier, Raton Range, New Egypt Press, Paris Echo, and Parker's Prairie Weekly.

The towns, for instance, where the movement is strongest, will interest you very much. You will find they are:

Alhambra, Calif.; Loveland, Colo.; Palatka, Fla.; Weiser, Idaho; Sedan, Walnut, and Goodland, Kans.; Olivia, Minn.; Mexico, Mo.; Manhattan, Mont.; Ulysses, Nebr.; New Egypt, N. J., Penn Yan, N. Y.; Lisbon, N. Dak.; Ashtabula, Ohio; El Dorado, Okla.; Mechanicsburg, Pa.; Garretson, S. Dak.; Sweetwater, Tex.; Luck, Wis.; and so forth.

The movement is essentially confined to towns that you have never heard about, and where people, of course, do not know too much what is going on in this world, and the promise of $200 a month

sounds terribly good to them and they sign a petition. Anybody in this country will sign a petition to get $200. Even I could do the petition job. If the newspapers would give me the publicity that they give to Dr. Townsend—here is a great man arriving in the middle of the afternoon by airplane, and the picture on the front page—and make me a Messiah, even I could fill an auditorium in a town.

The CHAIRMAN. We thank you, Mr. Epstein, for your appearance and the testimony you have given the committee.

EDITORIAL COMMENT ON TOWNSEND PLAN—A STUDY OF THE LAST 8 MONTHS' CLIPPINGS

Favoring the Townsend plan, 57 newspapers.

Opposing, 564 newspapers.

Noncommittal and favoring " further study ", 204 newspapers.

Typical of the 57 newspapers who favor the Townsend plan are Osceola Independent, Pella Press, Goodland Herald, Clarence Courier, Raton Range, New Egypt Press, Paris Echo, Parker's Prairie Weekly.

Most of the 57 newspapers have used " canned " editorials sent out by the Townsend organization.

*Opposing.*—Typical editorial comment on Dr. Townsend and his " plan ":

If you are not familiar with the latest cabalistic combination of letters, it is time to get acquainted. For O. A. R. P. is the magic formula which is expected to alleviate the misfortunes of age, the distress of the unemployed, the disappointment of profitless manufacturers, and the misconduct of criminals. It combines the virtues of Father John's Medicine and Lydia Pinkhams Compound with the endless possibilities of perpetual motion.—Utica (N. Y.) Press, December 4, 1934.

An economic Lochinvar has come out of the west * * * But how would he do it? In just what language would the doctor write his prescription?—St. Louis Post-Dispatch.

From the State of California, the home of the empiric, the charlatan, the witch doctor, and the religious fanatic emanates the latest pipe dream for alleviating poverty and supporting a favored class of pensioners with other people's money.—Manchester Press, Iowa.

This ingenious nostrum, that was bred in California, that hot bed for naive inanities.—Haverhill Gazette, October 25, 1934.

It's a great scheme. There is nothing like it and nothing so feasible, except perpetual motion and the ever recurrence of suckers.—Corvallis (Oreg.) Gazette-Times, August 28, 1934.

Easterners enviously admit that California has everything, including some of the most fertile imaginations of modern times.—Utica (N. Y.) Press, December 4, 1934.

Whoever wishes to excel him in alluring promises should make the dream book his platform.—Boston Herald, October 25, 1934.

Dr. Townsend, it is evident that in your doctoring of the social and economic malady that you would run true to the form of all fake doctors in the doping of the sick and ailing.—Middleton (Idaho) Herald, September 9, 1934.

These nostrums are like pink pills for pale people. They sound wonderful and are guaranteed to cure every ailment of the ailing human race, but where they are analyzed they are found to be just the same as the good old reliable sugar pills which sold so widely but had no curative values at all.—Syracuse (N. Y.) Post Standard, October 7, 1934.

* * * One of the greatest chimeras of the age. But it is going strong at present, and maybe it serves a useful purpose after all; it may be designed by adroit minds to keep the people pacified during these hard times. Sort of like molasses and feathers on the baby's fingers while ma goes about her work.—Alamogorde (N. Mex.) News, October 18, 1934.

Only the rainbow's pot of gold is lacking in the Townsend scheme to make it complete as a pretty picture. If the Townsend plan were enacted, we'd float around on a bed of roses, sipping nectar through a silver straw. A perfect example of Utopian wooziness.—New York Post, December 24, 1934.

A Christmas card sent out by the Townsend plan asks its recipients to work for the accomplishment of the " Second and greatest humanitarian movement

ever designed to bless mankind." Why the modesty?—New York Sun, December 26, 1934.

THE TRAGEDY AND THE DANGER

It is well to bear in mind that the failure of any old-age pension system that may be adopted would set the movement back 25 or 50 years. We need it now, therefore it behooves us to adopt a plan that will stand up.—Wadena (Minn.) Journal, November 22, 1934.

The ideá is a deliberate effort to trade upon human misery.—Los Vegas (N. Mex.) Optic, June 9, 1934.

It is a pity that the hopes of the unfortunate aged should be raised so high with no more chance for fulfillment than exists under this plan.

The cruelest things incident to the depression are the rosy but impossible promises being made to people in distress by ambitious politicians and misguided visionaries.—Columbus (Ohio) Dispatch, November 1, 1934.

Old-age security will be accomplished in this country but it will not come in the form of a gold brick.

To oppose the plan if it were workable would reflect an inhumanity on our part that is beyond description. But to encourage it when every principle of economics and logic argues against it would be even worse. The problem of old age in America deserves more consideration than is contained in an utterly unfillable promise.

The plan would fall of its own weight. And all the progress made in establishing sound and practicable old-age pensions would be lost in one swoop.—Mason City (Iowa) Globe-Gazette, December 7, 1934.

Such roseate schemes only gum the cards for a sound and workable pension deal.—Oregon City (Oreg.) Enterprise, November 25, 1934.

The thing is so impossible that there ought to be no hesitation on the part of any sensible man anywhere to scout it—to cut off the false hope doomed to cruel disappointment.

People fall for such schemes as this pension notion because they assume the huge sounding words of speakers who propose it are proof that it has been worked out. They fall for it because it is loosely termed a " plan ", when, in fact, it is not a plan but a wild guess. They fall for it because they hear talk of " old-age insurance."—Milwaukee (Wis.) Journal, September 15, 1934.

In reality the situation is pathetic. Hopes have been buoyed high upon expectations. It would take a spirit from the lamp of the Arabian nights to do the things held out as possibilities under this plan.—Walla Walla (Wash.) Union, December 29, 1934.

One might well suspect that Dr. Townsend was really a practical joker on a large scale.—Eluer (N. J.) Times, November 30, 1934.

The Townsend plan is fantastic in its proposals and it is cruel in arousing hopes that can never be realized.—Modesto (Calif.) Bee News Herald, December 21, 1934.

Therein lies the tragedy of the movement—the disillusionment for those who have had painted for them a roseate picture of comfort in the twilight of life who are facing inevitable disappointment, not because a heartless people begrudge them their ease in old age but because they are seeking a financial impossibility.—Waltham News, December.

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There are few episodes in our recent life experience that contain the dramatic pathos which the agitation over the Townsend plan has engendered. Literally hundreds of thousands of our aged citizens had deluded themselves into believing that it was only a question of a few months before all their financial worries would be dissipated. Unable or unwilling to see the disastrous implication of such a scheme or to face the fact that something more than wishes were necessary to put it into effect, they visualized for themselves a completely happy future. It was cruel to let them be fooled. It was absolutely inhuman for peanut politicians running for office to suggest, as many of them did suggest in the recent campaign, that the program had their support.—St. Joseph (Mo.) Journal, November 30, 1934.

Among the probable enactments in the Seventy-fourth Congress will be an old-age pension law. If it should fail, it would be because of complications that would arise from a multiplication of proposals, the most serious of which would be the Townsend plan.—Phoenix (Ariz.) Republic, November 17, 1934.

The Townsend plan will probably furnish this year's most popular alibi. Certain professional horse-traders in Congress will be perfectly willing to use one crazy bill as an excuse for shelving a sane one.—Concordia (Va.) Blade, December 17, 1934.

The pathetic effect of the Townsend propaganda is that it encourages false hopes and deludes the aged. Every day people come into the Capital Journal office asking where they can register to secure the pension, which they think is available.—Salem (Oreg.) Capital Journal, October 10, 1934.

### RACKETEERING

*Social security.*—The Townsend movement is not without its financial cupidity and the characteristic high-pressure salesmanship which always goes hand in hand with shady business.

### Desperation Tempts Aged to Townsend Bait

Physical suffering is not the only sad effect of an economic depression. The fear, insecurity, and hopelessness of distracted people make them susceptible to the influence of fakirs and utopians who offer attractive but economically impossible proposals. It is here that the greatest social menace of the depression lies.

In the April issue of Social Security we showed how the desperate search of the aged for some security was making them, like the proverbial drowning man, clutch at any scheme, no matter how preposterous or fraudulent. We then disclosed the pension racket conducted by a chiropractor from Tulsa, Okla., with a long criminal record who, through a dime chain-membership scheme, promised his members Federal pensions of $30 a month. Since the President's message to Congress last June favoring social insurance, 36 new organizations promising old-age pensions of varying amounts and at various ages have sprung up in the United States. The most wide-spread of these is what is known as the "old-age revolving pension plan" or the "Townsend plan." As a result of many requests we are submitting herewith some comments on this plan:

Dr. Francis Everett Townsend, the author of this plan, graduated from Nebraska University Medical School at the age of 36 and practiced in the Black Hills of South Dakota until the age of 52, when he moved to California. For a while he was assistant health officer in Long Beach. Briefly, his proposal seeks the payment of $200 a month by the Federal Government to 60-year-old citizens who are not habitual criminals upon promise to retire from work and to spend the allotted money within the month they receive it. Applicants for these pensions would merely have to take an oath that they would spend the money in the United States the same month.

### "PLAN" A CURE-ALL

The old-age revolving pension plan, as presented by Dr. Townsend and his apostles, is not merely a pension scheme for the aged. It is the long-sought cure-all to "banish poverty and its attendant evils" eliminate unemployment, "start the wheels of industry", provide jobs for everyone "at a pay undreamed before", free trade "from fear of panic or boom", stop hoarding, stabilize prices "at a level high enough to insure a fair profit to the producers at all times", inflate buying power, bring back such prosperity "that there would not be enough labor to transact business", "stimulate the invention of machines", "insure the continuance of the profit system of doing business", send the national income flying up, eliminate "the injustice of permitting the wealth of the Nation to accumulate in the hands of a few", keep money in America, insure a "steady and sufficient flow of money", forestall revolutions, ruin the radical movements, save the Democratic form of government, end dissatisfaction, end "the fear of the poorhouse and dread of having to receive charity", "do away with the incentive to crime", "entirely remove the fear of want", "greatly stimulate education", empty the prisons and lunatic asylums, "check the mentally defective", "enrich the world with artistry", add to the wisdom of the human race, and assure "justice to all"—in short bring down several Heavens at once to this distracted earth. The Townsend plan is that impossible dream—the cure of all ills, the medicine for all diseases, the solvent of all problems, the magic for all fears.

SOCIAL INSECURITY GREATEST MENACE TO WELFARE

For many years we have warned that the lack of social security in the United States constitutes the greatest menace to American welfare. No civilized nation has neglected its dependent aged as has the United States, and it is but natural that people who are facing a dark future without adequate pension systems should not be able to resist the strong appeal of this fantastic utopia. Had America established a system of social security when other nations did, we would have been spared the present harvest of economic lunacies and wild panaceas. Dr. Townsend's plan has, indeed, taken the Nation by storm. Organizations have been launched in practically every State in the Union and his disciples claim millions of members.

Although the plan is being pushed vigorously as a purely unadulterated panacea with a moral halo, its members are asked only to sign a petition asking Congress to adopt the plan. At the same time the movement is not without its financial cupidity and the characteristic high-pressure salesmanship which always goes hand in hand with shady businesses. Apparently it is supplied with ample funds from the stimulated sale of millions of copies of a booklet, 16 pages for 25 cents, and "beautifully engraved membership certificates", which mean absolutely nothing, for $1. The offices of the organization are reported to be a block long and employing many workers. A number of organizers are traveling all over the country selling the idea to the public.

UNSCRUPULOUS CLAIMS MADE FOR PLAN

The altruistic coworkers of Dr. Townsend are unscrupulous in their ballyhoo. Not only is every critic of the plan condemned as a mercenary reactionary but fictitious claims are made as to its supporters. This was illustrated recently by a statement published by the sponsors of the plan that they received a letter from a C. R. Harris, supposedly consulting engineer of the President's Committee on Economic Security, strongly endorsing the plan, and that "we are led to believe that we will have the backing of the President in placing our plan before Congress."

Actually no such committee member exists, as evidenced by Prof. Edwin E. Witte, executive director of the committee, who wrote to the Pasadena Star News objecting to the statement. Dr. Witte's letter to the editor follows in part:

"This entire story is so grossly misleading that we cannot permit it to go unnoticed. This committee does not have a 'consulting engineer' and the only man by the name of C. R. Harris of whom we have any record is a consulting engineer in Los Angeles who has written glowing letters endorsing the Townsend plan. Neither this man nor any other C. R. Harris has any connection with the Committee on Economic Security, nor has the President or anyone connected with this committee endorsed the Townsend old-age revolving pension plan.

"This newspaper story is in line with the publication of the picture of the President and extracts from his message of June 8, 1934, in many of the numerous publications which the Townsend organization and other similar organizations are selling to elderly people and others throughout the country.

"This committee has information showing that in the last months, since President Roosevelt in his message on June 8 indicated that he was considering old-age-pension legislation to be presented to the next Congress, no less than 36 different organizations has sprung up which are promoting particular old-age-pension schemes—most of them utterly fantastic and financially impossible. Almost without exception these organizations are selling magazines, booklets, and other publications to elderly people at a price far exceeding the cost of publication. These organizations are doing an incredible amount of harm, not only in filching pennies from the poor but in arousing hopes among the aged that cannot possibly be fulfilled. All sincere supporters of old-age pensions should be warned against these organizations. Elderly people should be told frankly that the contributions which they make to these organizations retard rather than advance the old-age-pension movement."

WOULD REQUIRE 80-PERCENT SALES TAX

Not only does the Townsend plan make fantastic claims as to its effects but it is ruinously unsound in its economics. Dr. Townsend claims that his plan would pension 8,000,000 of the approximately 11,000,000 people over 60 years

of age. At $2,400 per year this would cost approximately $20,000,000,000 yearly in payments. In other words, one-half of the whole national income would be paid over to the 6 percent of the population which this group constitutes. This amount is seven times the entire normal Budget of National Government and only a few billion less than the total national debt. Incredible as the sum appears, it must be remembered that nothing had been allowed for the administration, which may require many more billions in watching the spending practices and lives of 8,000,000 people.

Where is the money to come from? Dr. Townsend proposes a single sales tax, which his followers claim would amount to 10 percent. The absurdity of this is obvious. In 1933 the total retail sales of the Nation amounted to $25,700,000,000. To raise $20,000,000,000 Dr. Townsend would need a sales tax of about 80 percent. In other words, the price of every article would have to be nearly doubled. This would cut consumption considerably and necessitate a larger sales tax and the cycle of increased sales tax, decreased consumption, less production and more unemployment would continue until the whole economic structure of the country would be ruined.

### SCHEME DISCREDITS CONSTRUCTIVE PLANS

The association must issue a warning to all true friends of the aged that the Townsend plan is a delusion and a snare. The scheme is fantastic and unrealizable. Its inevitable failure will have the deplorable effect of discrediting sound and constructive proposals for the aged. Congressmen, public officials, and newspapers which appreciate the harm done by such a movement are courageously denouncing it.

In a speech in San Francisco on October 6, Secretary of Labor Frances Perkins sounded a warning against raising the hopes of the aged with rash promises of large pensions. "No large pension for everybody over 60", she declared, "is within the realm of possibility."

"It is certain that such proposals are working incalculable harm to the cause of old-age pensions", Congress David J. Lewis, of Maryland, long a leading advocate of old-age pensions, warned the people. "These organizations ostensibly have been formed to promote particular plans for old-age pensions, but seem interested often in the money they collect from elderly people through contributions and the sale of booklets and magazines, and even of petitions to be sent to Members of Congress. The old-age-pension plans proposed are often fantastic and serve no purpose other than to arouse hopes among the aged which cannot possibly be fulfilled.

"The most damnable feature of these schemes is that so many of them are exploiting the stand President Roosevelt has taken in favor of old-age pensions", Congressman Lewis stated. "Elderly people of small means are being led to believe that by joining these associations and buying their literature they are helping the cause of old-age pensions, while in fact they are only prejudicing people against the President and making it more difficult to get pension legislation through the next Congress."

Dr. J. H. Paul, director of old-age pensions for Salt Lake County, Utah, who has devoted many years of his life to improve the lot of the aged, denounced the Townsend plan as "utterly preposterous and impossible of fulfillment." "It would get no votes in Congress", he added, "but it does serve to bring the cause or old-age pensions into disrepute. * * * I feel justified in saying that the Townsend plan is a delusion and a snare, unsound, unfair, dangerous, wrong in every detail."

It is testimony to the efforts and educational work of the American Association for Social Security and to the 20 years' work of some of its officers that millions of Americans have become so aroused over the plight of the aged. But the fact that so many people can support the proponents of false and grandiose plans is another proof that this Nation has too long delayed the establishment of sound and decent old-age pension systems, adequate unemployment-insurance plans, and constructive plans for health insurance. That this delay will play into the hands of demagogues and charlatans we have warned time and again.

Every period has its promoters—the so-called "stump speakers" for Mr. Townsend and his plan of Utopia seems to be getting a great following—to the delight and financial reward of a few and the eventual disappointment of thousands later.—Jamestown (Kans.) Optimist, December 13, 1934.

In comparison some of the get-rich-quick schemes of financial promoters are mild and conservative.—Indianapolis (Ind.) News, November 22, 1934.

The money will be better to keep a little food in the cupboard instead of keeping Townsend in ease.—Mankato Advocate, December 13, 1934.

The doctor who proposed $200 monthly old-age pensions has moved his headquarters to a fashionable Washington hotel. At least he has gotten something.—Sarasota Herald, December 12, 1934.

It must be remembered that the Townsend plan is not new. Similar proposals, without number, almost, have been made in the past under somewhat different guise, but all with about the same result, the man thinking it up first and being able to sell the idea to the public getting the big end of the benefit.—Idaho Falls (Idaho) Post Record.

The Townsend plan promoters are making sure that they, at least, won't need any old-age pensions.

Bulletin No. 8 addressed to all Townsend clubs, by Mrs. Robert E. Clements, lamenting: "The mass meetings were a huge success as to attendance, but unfortunately I can't say that about your donations. Waco, Tex., got so enthused they forgot to take up the collection."

The wild promises of promoters and racketeers who are collecting thousands in dues and fees from trusting old folks in their second childhood who have renewed their faith in Santa Claus.—Highland County News (Fla.), December 6, 1934.

It is a pure waste of money for elderly persons to pay membership fees or dues into an organizer's hands.

On the heels of the Townsend plan and one or two others with similar proposals have sprung up a number of other "plans" whose organizers have but one idea in view: To mulct eligible persons out of their hard-earned money.—Nebraska City (Nebr.) Press, November 29, 1934.

It might be well for the millions of elderly people in this country to investigate carefully anybody's Utopian scheme. And this is especially fine where the signers are asked to pay a fee to help spread the glad tidings. Somebody backstage always gets the fee.—Kingman (Kans.) Journal, December 14, 1934.

The argument is made that the tax would not be levied on income but on sales turnover, yet nobody has yet explained how any tax can be financed except out of gross income, which ultimately must come from production enterprise. Anything else is akin to perpetual motion, or to the scheme of getting rich by taking in one another's washing, or lifting oneself by one's own bootstraps.—Willingham (Wash.) Herald, November 21, 1934.

Those who advocate this Townsend plan persistently seem to overlook one thing, and that is that with the pension paid out of funds raised from the levying of sales tax the total purchasing power of the country would not be increased one dollar. The money to pay this sales tax does not grow on trees, nor could it be taken out of the air, it would have to come from the pocket of the people, paid each time they purchased the necessities of life. Whatever amount would be paid each month or each year in the shape of sales tax would be spent for commodities of any kind by those who paid it and their purchasing power.—News, Atlanta, Ga., July 27, 1934.

To reap them as in the past * * *. The millionaires' tax burden would be lessened, the ditchdigger's greatly increased. The net result for those under 60 would be to make the rich much richer and the average man and the poor man much poorer.—Hutchinson (Kans.) Herald, December 4, 1934.

The bill is to be financed through a natural sales tax. That is the joker. The sales tax is the most unfair of all methods of taxation as it puts the burden of taxation upon those least able to pay. The worker spends a larger percentage of his income for commodities and goods than does the capitalist, yet is less able to spend. Financing a program by such a method throws the burden of support of the aged upon workers rather than upon those who have grown rich from the labors of the pensioned during their productive years.—Labor News, Butte, Mont., October 25, 1934.

*Concentration.*—A study of newspaper reports of Townsend meetings reveals a concentration in the States of California, Colorado, Florida, Ohio, Kansas, and Texas.

Representative metropolises boasting of Townsend organizations are: Alhambra and Gudley, Calif.; Loveland, Aspen, Deer Trail, Colo.; Palatka, Clearwater, Fla.; Weiser, Barley, Idaho; Sedan, Walnut, Goodland, Kingman, Bud City, Horsington, Lewell, Neodesha, Wamego, Coffeyville, Kans.; New Ulm, Olivia, Minn.; Boonville, Joplin, Mexico, Mo.; Froid, Chotlau, Bozeman, Man-

hattan, Mont.; Lodge Pole, McCool Junction, Tekamah, Ulysses, Neligh, Nebr.; New Egypt, N. J.; Penn Yan, Newfane, Ovid, N. Y.; Lisbon, N. Dak.; Ashtabula, Elyria, Holgate, Archbold, Conneaut, Ohio; Pona City, Duke, Celva, Obeene, El Dorado, Okla.; Mechanicsburg, Canonsburg, Pa.; Garretson, Belle Fourche, S. Dak.; De Leon, Electra, Happy, Waxahachie, Cuero-Spur, Italy, Canadian, Waco, Sweetwater, Tex.; Walla Walla, Noquiam, Wash.; Wewerhauser, Luck, Wis.; Baggs, Wyo.

To prove the rule, there are strong Townsend organizations in the following cities: Toledo, Cleveland, Rochester, Denver, Los Angeles.

## STATEMENT OF LOUIS WEINSTOCK, REPRESENTING THE NATIONAL COMMITTEE ON UNEMPLOYMENT INSURANCE, AMERICAN FEDERATION OF LABOR

Mr. Weinstock. My name is Louis Weinstock; I am the national secretary of the American Federation of Labor committee for unemployment insurance, 1 Union Square, New York City.

I am a member of the Brotherhood of Painters and Decorators, Local Union 848, affiliated with the American Federation of Labor. This committee I am representing is a bona fide organization within the American Federation of Labor, appointed in 1932, with the objective of gaining the support of the entire American Federation of Labor for a genuine unemployment insurance bill.

Today, as a result of this committee's work, there are on record the official votes of nearly 3,000 local unions affiliated with the American Federation of Labor, scores of central labor bodies, and several State federations of labor, and the following international unions:

The United Textile Workers Union, United Mill, Mine, and Smelter Workers of America, the Amalgamated Association of Iron, Steel, and Tin Workers Union, and, in addition, the American Federation of Silk Workers and the American Federation of Hosiery Workers, and the International Union of Molders.

Furthermore, the sentiment prevails in spite of the fact that obstacles have been placed in the way of the rank and file members of the American Federation of Labor for free expression of opinion on the question of unemployment insurance. For example, the position of the executive council of the American Federation of Labor has been in opposition to any form of unemployment insurance until recently, when this position was reversed.

Mr. Chairman, my committee sent me here to oppose the Wagner-Lewis bill. I am going to oppose this bill and not on the basis that it has been opposed by Mr. Epstein on certain phases; for example, Mr. Epstein was afraid that if we demand too much we might choke. I am afraid that if we have this bill passed, we will choke because we will get so little that we will get only the bones, and nothing else. If we examine the bill, we find, for example, from the report of the Committee on Economic Security [quoting]:

> Unemployment compensation as we conceive it is a front line of defense, especially valuable for those who are ordinarily steadily employed, but very beneficial also in maintaining purchasing power. While it would not directly benefit those now unemployed until they are reabsorbed in industry, it should be instituted at the earliest possible date to increase the security of all who are employed.

Mr. Chairman and gentlemen, we are interested in unemployment insurance. We are interested that those unemployed people—and I

believe that the figures are between 14 and 15 millions—I have here a statement of the Labor Research Association, and they say the following on the problem of unemployment at the present time:

> Over 17,000,000 men, women, and young workers were still unemployed in the United States in November 1934, according to the latest preliminary estimate just completed by the Labor Research Association. This number represents over 33 percent of all " gainfully occupied " persons in the country. The estimated totals include as unemployed those workers having relief jobs on Federal emergency projects.

If we exclude these people, we will still have 14,300,000 people still unemployed at the present time. This Wagner-Lewis bill does not cover a single one of these unemployed workers.

Our committee last year, as well as this year, opposed the Wagner-Lewis bill for the simple reason that it is not an unemployment-insurance bill. We believe that these 14½ million people cannot be absorbed today in industry. Even if we consider the large appropriation of $4,800,000,000, even this amount will not take care of the unemployed at the present time, especially if your administration, with the $4,000,000,000 appropriated for public construction, aims to cut the wages of the working people in this country, because, if I understand correctly, the $4,000,000,000 appropriated for public construction has a proposal which limits the pay roll to $50 a month. If you pay that $50 a month, we would get $12 weekly wages. Right now the building-trades workers have a prevailing scale of $45 or $50 a week. If the Government will institute through the public projects a weekly wage of $12, naturally the building employers in private industry will follow the Government, and they will also institute wage cuts in the near future.

I shall call your attention to a newspaper published by the Building Trades Employers' Association. This newspaper here welcomes the announcement of the $50 wage scale, and at the conclusion of the article appears the following [reading]:

> That is the point to which the building-trades employers and general contractors are striving to reduce labor and material costs for a temporary period.

We have heard about this " temporary period " the last 6 years. [Continues reading:]

> It can be brought about if the Presidential pronouncement will be carried out in actual practice in the construction field.

It means that these people are already welcoming the announcement of the wage cut.

Mr. Chairman, if you allow me a few more minutes, I believe I will be able to conclude, although it will be impossible for me to cover the ground I intended to.

The Chairman. You may extend anything that you desire in the record.

Mr. Weinstock. Very well.

The Chairman. Your time is up.

Mr. Weinstock. If you will allow me a few more minutes, I believe I can conclude in 5 minutes. I would like to give the arguments for and against the Wagner-Lewis bill. They can be given in 3 or 4 minutes. If you allow me I can conclude.

The Chairman. That can be included in the record.

Mr. WEINSTOCK. Mr. Chairman, I believe that William Green, the president of our American Federation of Labor, was present here, and he gave testimony of about 60 pages. We are in disagreement with Mr. William Green's testimony. We are members of the American Federation of Labor. We believe that the rank-and-file membership—that is, the voice of this rank and file—should be heard at the committee, because otherwise it will make the impression that Mr. William Green, in the name of the A. F. L., had certain small disagreements with the Wagner-Lewis bill, but in general he is in agreement. I say, in the name of the American Federation of Labor, that we are totally in disagreement with the bill and we propose something else instead.

The CHAIRMAN. The Chair is sure that the members will read the additional statement that the witness may care to submit.

Mr. CROWTHER. If there is no objection, I ask unanimous consent that he have 5 additional minutes.

The CHAIRMAN. Without objection, that courtesy will be extended. The time will be extended for 5 minutes.

Mr. WEINSTOCK. We favor the coverage of all workers at present unemployed. We want to go squarely against the administration's plan of forcing millions of workers into forced labor camps, into Public Works projects, and the miserable wage of $50 a month, which is even below the immediate wages in the codes.

Eleven million unemployed workers, who will be driven down to the industrial status of coolie labor, will be compelled to fall back on the mercy of private charity or be herded into concentration camps in the manner of Hitler's program in Germany.

The Wagner-Lewis bill calls for a 3-percent tax on pay rolls. Even assuming that all States enact unemployment-insurance laws, how will it be realized on this basis? We cannot assume that all States will enact such a law these coming sessions, because there are four States of the Union where there will be no sessions at all this year, to my information.

According to the census of manufacturers, the total wages paid out in 1929 amounted to $11,620,973,000. The salaries were $3,000,000,000. Central administration amounted to $600,000,000, a total of $15,816,000,000. Three percent of this amount would yield approximately $474,000,000.

This you accept will be borne by industry. But it is well known that industry will get this in the form of higher prices or lower wages. The workers will be compelled to pay 3-percent taxes, whether indirectly through higher costs for necessities, or directly through wage cuts. We are opposed to such a method of raising funds for unemployment insurance.

We maintain that if it is possible for the Congress of the United States to give millions of dollars to moribund banks and collapsing industries, it is equally within their power to provide funds for the millions of unemployed without compelling the workers to bear the costs of unemployment insurance.

We believe that the workers who have built up the power and wealth of this country should be treated equally with the banks and industries, and that Congress should appropriate funds based on the taxation of higher incomes of over $5,000 to provide sufficient funds

for the maintenance of all unemployed workers in the United States with an adequate amount of subsistence.

The administration plan does not determine what standard of insurance should be provided for unemployed workers. We declare that in the interest of the employed workers, whose standard of living must be maintained, that the unemployed workers must be given benefits equal to average wages and no less than $10 a week and $3 for each dependent in the family.

This demand is in the workers' unemployment-insurance bill, which is known as the Lundeen bill, H. R. 2827. In our opinion, the workers' bill provides for the needs of the unemployed workers. It makes immediate provision, as against the Wagner-Lewis bill, which provides for a small amount of benefit sometime in the future, limited only to certain sections of the workers and excluding large groups of the toiling population.

Mr. Chairman, I conclude, and I state the following, that the local unions of the American Federation of Labor have expressed themselves in favor of the workers' unemployment-insurance bill; and therefore, we believe that the Wagner-Lewis bill should be rejected and, instead H. R. 2827 should be adopted.

The CHAIRMAN. We thank you for your appearance and the information which you have given the committee.

## STATEMENT OF HERBERT BENJAMIN, REPRESENTING THE NATIONAL COUNCIL FOR UNEMPLOYMENT AND SOCIAL INSURANCE

Mr. BENJAMIN. My name is Herbert Benjamin, 799 Broadway, New York City.

It is necessary to point out at the outset that I represent millions of employed and unemployed victim sof the present crisis and of the economic insecurity which has been so sharply revealed in the course of the past 5 years. I represent the masses who for 5 years and more have suffered untold and indescribable privation, hunger, and misery in this the richest country in the world. Moreover, I represent the great and growing movement which has attempted by means of militant struggle to secure serious consideration for our plight and enactment of an adequate system of unemployment and social insurance by the Congress of the United States.

It is my duty and privilege to convey to this committee, and through you to Congress, the bitterness and resentment which we feel against those who have disregarded our dire needs and persistent demands, and who even now are attempting to evade the obligation of the Government to properly safeguard our very existence. It is not possible for us to speak to you in carefully chosen, polite phrases such as have been employed by the comfortable ladies and gentlemen who preceded us in these hearings.

We take this to be our right, and must, therefore, insist that we be permitted to present our position in our own way, without interruption. When our statement has been submitted, we will be glad to answer questions.

We feel that this preface is especially necessary here and now because we know why the administration has entrusted the Wagner-Lewis bill to you and not to the Committee on Labor, where such

measures would ordinarily be referred. We take it that you are expected to discourage expression of opposition opinion. We, however, insist on our right to be heard.

Those who represent and speak for the group that owns the wealth and controls the Government of this country have graciously agreed that the problem is no longer "are we for or against unemployment and social insurance?"

Now, in the sixth year of unparalleled crisis, they have progressed to the point where they are willing to pose as the question, "What kind of social insurance?" In view of the program that has been submitted in their behalf, it would be well to also ask, social security for whom?

It is clear that under the present system an economic crisis jeopardizes the position and profits of the class that owns wealth as well as the livelihood of the great mass that depends upon wages, salary, and earnings from self-employment. On the basis of the charts and reports issued by the President's Committee on Economic Security we might roughly define the two groups as one: A group aggregating 650,000 families whose total savings in 1929 amounted to $10,250,000,000. The other group includes 21,250,000 families whose status ranged from those 5,750,000 families whose income of $1,000 a year and less did not permit them to put aside any savings at all, up to the 5,000,000 families whose income of up to $3,000 a year permitted them to lay aside 1½ billion dollars. An additional 10,500,000 families whose earnings ranged from $1,000 to $2,000 per year had between them aggregate savings of only $750,000,000.

Various statements of administration spokesmen have more or less frankly suggested that the policies of Mr. Roosevelt, the so-called "new deal", were and are designed to safeguard the profits and privileges of the 675,000 families, who are less than 3 percent of the population of this country, but who own 58 percent of the savings.

Only a few days ago Mr. Donald Richberg, in a speech defending the N. I. R. A. and other "new deal" measures, pointed ou that these were essential to the preservation of the profit system. Every recent message and speech of the President has harped upon the single idea that the safeguarding of profits and the profit system are to be the decisive consideration in connection with Government policy.

Thus, in his speech to the bankers' convention on October 24, 1934, which, according to the New York Times, was greeted with a great ovation, President Roosevelt placed the emphasis on the acceptance of the profit system. In his first message to the present Congress he again emphasized that "No wise man has any intention of destroying what is known as the 'profit motive.'"

And, when we consider the concrete program for so-called "social security" which is embodied in the President's recent message on this subject, in the report of his committee and in the Wagner-Lewis bill which is now before us, it becomes clear that these documents suggest a program of security for wealth and profit; a program for safeguarding the security of the few who have possessed themselves of the wealth of this country from the demands of the masses for assurance that they will not face privation while there is plenty.

The CHAIRMAN. Your time has expired, Mr. Benjamin.

Mr. BENJAMIN. I ask, Mr. Chairman, as I did in the original preface of my remarks, that as a representative of those who are most

vitally concerned with the problem before this committee and as a representative of that group which for 5 years has conducted a struggle in an effort to get consideration from Congress for demands for adequate unemployment social insurance, I be granted the opportunity of presenting the point of view of the unemployed and employed workers in this matter.

I say, in other words, that it is clear that the gag rule that you adopted on your first day of Congress is to be applied in this committee to prevent the hearing of demands for the unemployed.

The CHAIRMAN. The statement of the witness has just developed into a tirade against the committee and the President of the United States.

Mr. BENJAMIN. I demand to know why we are denied a hearing, and I demand that the people who are unemployed be given the opportunity to speak here. If you do not do that, you do not wish to consider the needs of the unemployed but only your own particular purposes. I am asking for an extension of my time. I am asking to be provided the opportunity to present my point of view. I am asking to be provided the opportunity to present the point of view of the unemployed here.

The CHAIRMAN. Your time has expired, Mr. Benjamin.

(Mr. Benjamin submitted the following extension of his remarks:)

As we examine more fully the present situation, the policy of the administration and especially the provisions of the arguments for the Wagner-Lewis bill, it must become clear and undisputable that the Government is only concerned with plans that will remove the hazards to wealth and profit and not with plans to provide against the economic hazards that face the masses.

Of course, apologists for this policy declare that the only road back to prosperity is via "increased confidence" on the part of big business. This is the justification for the subsidies that are so generously provided to business through the Reconstruction Finance Corporation and other agencies. This, too, is the justification for the assistance given to the employers who cut wages, increase productivity of workers by means of life-destroying speed-up methods, raise prices, eliminate the competition of the little merchant, and by various other such means assure profits and dividends to the high-income group despite the prevailing crisis. Also this is the alibi of those who oppose demands for social insurance, for payment of the bonus, for increased relief, for shorter hours, etc. These admonish Congress not to "rock the boat", not to frighten business with even the suggestion that a redistribution of income and wealth is necessary, not to impose further taxes upon profit and income; but, rather, to impose new taxes upon the masses, such as sales and processing taxes.

But this precisely was the program of Mr. Hoover. This was the basis for the policy of giving billions in relief to the bankers, the industrialists, the railroad and insurance corporations so that "prosperity would thus eventually trickle down to the masses." In the early period of the present administration the President professed to take issue with this policy by declaring that we must prime the pump from below. The fact that President Roosevelt now dresses his policy in flowery phrases in no way alters the results. As a matter of recorded fact profits have been increased by as much as 600 percent while the income of the masses continues to decline.

We are emphatically opposed to the Wagner-Lewis bill because it is a measure that proceeds out of the theory that that wealth and profit is inviolable and that sacrifices must be made only by the workers, the farmers, the professionals, and others in the low-income groups. We demand a Federal system of unemployment and social insurance that will compensate all workers for all loss of time and earnings due to hazards that are inherent in the present economic system. We demand of Congress the immediate enactment of a system of social insurance that will safeguard the livelihood, the home, the living standards, the purchasing power, the very existence of those who through no fault of their own are deprived of the opportunity to work and those who are denied, even when they work, the opportunity to provide for their future security. We declare that although such a system of social insurance can be

provided even within the framework of the profit system, its enactment requires, however, that Congress shall give first consideration to the needs of the masses, to their right to live, rather than as now, to the wealth of the few and to their right to make profit.

Since the Wagner-Lewis bill bases itself on the premise that the first obligation of the Government is to make sure that profits are not threatened, it attempts to insure profits rather than the existence of the masses. Since its deliberate purpose is to block and sidetrack the growing demand for genuine social insurance, it would be ridiculous to attempt to amend it. Those who offer amendments to this bill, as Mr. Green and others have done, demonstrate once again thereby that they are in essential agreement with its premise and purpose. As a matter of fact, the Wagner-Lewis bill has served to rally the former outspoken opponents of unemployment and social insurance along with those who saw long ago that some such spurious measure as this would be needed to offset the developing mass demand for a system consistent with present-day needs of the masses.

Only a little over 3 years ago, in the fall of 1931, the majority of those who now sing paens of praise for President Roosevelt's "social-security" program and for the Wagner-Lewis bill, were trying to outdo Hoover in shouting that "Unemployment insurance is un-American", that it is a "dole", that it would "degrade the American worker" and destroy his "rugged individualism." Mr. William Green, for example, not only employed these phrases in the attempt to prevent action by the membership of the American Federation of Labor, but at the Vancouver Convention of the American Federation of Labor, he boldly proclaimed that "unemployment insurance would be a death blow to the trade-union movement." Today, these very people accept the principles of the Wagner-Lewis bill, declare that its enactment is necessary, and urge upon the masses support of this so-called "unemployment insurance" as an "American plan."

How did this remarkable change come about? How were these people convinced? The answer is: There is no change. The National Association of Manufacturers, the United States Chamber of Commerce, the Republican Party, the Democratic Party, Mr. William Green, and all for whom they speak were opposed to unemployment and social insurance in 1931, and they are still opposed. They fought against unemployment insurance in 1931 and they still fight against it today. They have merely changed the tactics of their fight. The objective is the same. In 1931, Hoovers' program was the American—profit-saving, hunger—plan. In 1935 the Wagner-Lewis bill is the same "American plan."

The very same forces that directed the fight against the workers' demands for unemployment and social insurance in 1931, gave the signal for a change in tactics when this became necessary. For proof of this let us quote the following statement of the National Industrial Conference Board:

"The movement for unemployment-insurance legislation has gained great momentum in recent years. It is promoted by well-organized propaganda, greatly aided by distressful unemployment conditions resulting from the prolonged depression.

"* * * Industry cannot afford to pursue a policy of inaction. * * * Agreement should be reached among employers on the fundamentals of a program of unemployment reserves that might reasonably be offered as a substitute for unemployment insurance."

In this statement we have the original source of inspiration and outline of purpose for all the plans that are so popular among those whose aim in life is to preserve the inviolability of the profit system regardless of the misery and destitution this creates among the masses.

Every lickspittle agent of big business now seeks the honor, and emolument, that goes to those who can deliver the goods, who can do the job that big business wants done. And big business now wants a program of "unemployment reserves" put over "as a substitute for unemployment insurance."

Is it any wonder, then, that such a practical politician as Mr. Roosevelt admittedly is, found the courage to initiate and sponsor the "six-governor plan" at the very moment when his Presidential ambitions began to blossom? And was not President Roosevelt promising to deliver the goods at the proper moment when he declared in his book, Looking Forward, that "We shall come to unemployment insurance in this country. It is clear that unemployment insurance must be placed on an actuarial basis, and that contributions must be made by the workers themselves. The payment of each employer is to constitute the employment reserve of his own firm"? And is not President

Roosevelt, who promised to chase the money changers from the temples, delivering the goods to the money changers when he chooses such gentlemen as Gerard P. Swope, of the Morgan-controlled General Electric Co.; Morris E. Leeds, president of Leeds & Northrup Co.; Sam Lewisohn, vice president of Miami Copper Co.; William C. Teagle, president of Standard Oil Co. of New Jersey; Marion B. Folsom, of the Eastman Kodak Co., to constitute the advisory board that determines what kind of measure to frame and enact? And does not the Wagner-Lewis bill turn out to be just what could be expected as the product of such a committee? Yes; the Wagner-Lewis bill is an "American plan." It is a plan framed by those who own America and who arrogate to themselves the right to determine what is American. It is an American plan in the same sense that the open-shop plan, which was formulated by the American Manufacturers Association, was labeled and advertised as the "American plan." But for precisely this reason it has nothing in common with the needs and demands of the American masses who produce, but do not own, the wealth of America.

If time permitted much more could be said about the origin and general character of the Wagner-Lewis bill and the President's social-security program which it embodies. It might then be possible to comment in the light of the above on the meaning of some of those highly praised, high-sounding phrases which President Roosevelt so frequently employs for the benefit of those who still choose to believe that Mr. Roosevelt is the extraordinary type of politician who means what he says. It is sufficient to point out, however, that the careful reader need have no difficulty in ascertaining in whose interest the President's social-security program was framed, and the fundamental philosophy that underlies it. In introducing and listing the various factors that must be considered when framing a social-security program the President's message on this subject mentions that his proposals will "appeal to the sound sense of the American people." That "it has not attempted the impossible." That "sound caution and consideration has been exercised for the rights and responsibilities of the States, the capacity of industry to assume financial responsibility and the need to avoid extravagant action." Only one little thing has been left out of consideration, namely, "What do the masses need?"

Under these circumstances it is not at all remarkable that the Wagner-Lewis bill, in all its 64 pages, fails to answer the life-and-death problems of the millions who are in most immediate need—the 16,000,000 who are still unemployed after more than 5 years of vain searching for work. These 16,000,000 are thus doomed to permanent existence on either the less-than-subsistence relief, which is already now the sole means of existence for more than 20,000,000, one-sixth of our population. Furthermore, the Wagner-Lewis bill is part of a program which proposes to deprive at least 1½ million of the unemployed and their three to four million dependents of even such relief as they have been getting up to now. This was clearly foreshadowed by the statement in the President's message to Congress January 4 that "the Government must and will quit this business of relief." This message frankly announced a return to ex-President Hoover's policy of abandoning the unemployed to the kind mercy of the bankrupt cities, towns, and counties. In the words of the President, "Local responsibility can and will be resumed." One part of this plan has already been rushed through the House of Representatives with the help of the administration's gag rule and steam roller.

We can take this occasion to tell you that it will not be so easy to gag and crush the opposition of the masses. We will not submit to a plan that will convert three and a half million additional workers into forced laborers. Nor will we submit to allowing at least an additional million and a half workers and their dependents to be cut off relief altogether. Even now the majority of the unemployed get no relief at all and are left to eke out an existence as best as they can on what they earn through an occasional odd job, or what they can share with friends and relatives who do get relief or still have a job at greatly reduced wages. Even now, workers are left to starve to death in the cities and towns or are driven to such acts of desperation as the recently reported horrible murder and suicide in Chicago. Even now the mayors of all principal cities answer the pleas and demands of the unemployed with statements that the city cannot carry the load and the State and Federal Government refuses 'adequate relief funds." Yet, you propose to withdraw Federal funds altogether, from those whom you designate as unemployables.

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The exclusion of the unemployed from your so-called " unemployment insurance bill ", the declaration that the " Federal Government must and shall quit this business of relief ", the proposal to force three and a half million unemployed to enter into competition with workers still employed in privately owned enterprises, along with the President's recent proposal for an " industrial truce " represent part of the well-calculated attack upon wage and relief standards which is undertaken in compliance with the demands of the Liberty League and the orders of the powerful bankers and industrialists who recently met in White Sulphur Springs, W. Va. It represents the fulfillment of the promises made and implied when the President addressed the bankers convention last October. It is no accident that the President's speech to the so-called " Conference on Social Security " was timed within 1 week after the elections. This first post-election speech was intended to assure the bankers, who gave him such an enthusiastic ovation on the 24th of October, that he would abide by his agreement with them, despite the generally recognized fact that the Democratic landslide of November 6 represented a mass demand for fulfillment of promises uttered and implied in previous fireside speeches.

The lecture that Postmaster General Farley read to the newly elected Congressmen, 6 days later on November 19, was a further warning to those of you who might be inclined to remember your preelection promises. Mr. (Job-Master General) Farley told you then that if you come to Congress with any intention of keeping these promises you will be as bad as " a juryman who goes into court pledged in advance to a particular verdict." Nor did Mr. Farley or the President take any chances. They did not confine themselves to merely warning Congressmen not to resist. The gag rule which you adopted represents the first step taken to forestall such resistance and opposition, even if some of you under the pressure of the masses in your home districts would want to offer resistance. But, if you intend to use this as an alibi we remind you that you voluntarily sold your prerogatives in return for the pork and patronage which Mr. Farley can throw your way. Nor can you evade responsibility for the fact that you are systematically turning dictatorial power over to the President as you did in the vote on the $4,800,000,000 appropriation measure.

All of these actions represent the steady advance toward Fascism. These advances are dictated by big business forces who know that only by the brutal suppressive methods of Fascism will they be able to put over the further attacks upon the living standards of the employed and unemployed masses.

The exclusion of the millions who are now unemployed from all benefits under the Wagner-Lewis bill is the most glaring proof of the fact that this bill is not a social-security, not an unemployment-insurance measure, but a measure that seeks by methods of parliamentary trickery to block the movement and demand for unemployment insurance. At the same time it serves to make most clear the difference between unemployment and social insurance and unemployment reserves.

When the masses demand unemployment and social insurance, they mean a system of compensation for losses suffered in consequence of social hazards that are not subject to individual control. They mean a system that will afford them continuity of income as long as they are willing and able to work. They mean protection against the danger that they may be suddenly left stranded and without means of livelihood by reason of the employer's inability or unwillingness to provide them with the opportunity to work. They mean assurance that their efforts to establish a home and a family will not be suddenly and arbitrarily undermined. They mean assurance that after laboring, struggling, and sacrificing to raise their standards of living they shall not be suddenly converted into destitute paupers. They mean that their labor which produces wealth shall give them more than the satisfaction of knowing that they are thereby helping to pile up wealth and profit for a few, but that they are thereby producing the means of livelihood for themselves and their fellow producers.

It is true that the masses as a whole do not yet realize that social security cannot be achieved under a system where production is directed for the profit of a few rather than the benefit of the many. But they do realize that even the minimum safeguards against present economic hazards which they demand are possible only if those who can do so are forced to pay the cost of maintaining such safeguards.

That is why we do not here and now demand social security which would be tantamount to a demand that Congress shall vote for the immediate scrap-

ping of the profit system. Much as we desire the scrapping of this system, confident as we are that eventually this must and will be done, we nevertheless realize that this will be done despite, rather than with the help of Congress. But, while we cannot and do not demand that Congress shall scrap the profit system and thus assure social security for the masses, we can and do demand that Congress shall compel those who now possess a superabundance of wealth and income to pay for adequate compensation to those who suffer and stand in danger of losing their established means of existence. We do demand that the economic hazards that are inherent in the system from which the few profit shall not result in a further degradation of the living standards of the masses.

That is what we mean by unemployment and social insurance. Those are the objectives of the workers' unemployment, old-age and social insurance bill. And it is against these objectives that the Wagner-Lewis bill and all reserves plans direct themselves.

Genuine social insurance must undertake to safeguard all who are subject to economic hazards. The Wagner-Lewis bill, on the contrary, devotes itself to excluding the largest possible numbers from any and all benefits. We have already shown that the bill excludes the 16,000,000 who are now unemployed. In addition it excludes (1) all workers who reside in States that will refuse to be "encouraged" to adopt such legislation, (2) all workers who are employed in enterprises where fewer than four workers are normally employed. This provision immediately and completely excludes all domestic workers, most professional workers, and most service and commercial employees. It especially serves to exclude the Negro workers who are forced to confine themselves to these marginal occupations. (3) It excludes all Government employees and all who work on railroads and ships engaged in interstate and international commerce. This by no means exhausts the list of those to be specifically excluded. Each of the 48 States will no doubt add more workers to this exclusion list. One large group, the agricultural workers, share croppers, etc., which again includes large numbers of Negroes, is by inference and by provisions of residence, length of employment, and the established system of discrimination to which they are always subject, bound to be among those excluded.

These exclusions cannot be eliminated by amendment to the Wagner-Lewis bill. The bill is framed with a view to assuring such exclusions, because it denies the responsibility and obligations of the Federal Government to do anything except levy an excise tax and control the fund to be created. It leaves to each of the 48 States the task of establishing such provisions as they see fit. It concerns itself with actuarial problems rather than with the problem of assuring the right to live. It therefore denies benefits to those who are most impoverished and have the greatest need for social insurance, because precisely these have not participated in building up a reserve and cannot do so.

As against this, the workers' unemployment, old-age, and social-insurance bill (H. R. 2827) embodies the principle that no one who is in need of such protection shall be denied social insurance benefits. It includes workers in all occupations and industries, whether they be industrial, agricultural, professional, or commercial workers, regardless of race, nationality, place of residence, religious or political opinion.

Truly it has been well said by the President's Committee on Economic Security that "unemployment compensation as we conceive it is * * * especially valuable for those who are ordinarily steadily employed." It is impossible, even after wading through the 64 pages of the Wagner-Lewis bill several times, to discover what unemployed worker could manage to qualify under this so-called "unemployment-insurance" plan.

In this respect the bill conforms to the type of insurance which has served as the basis for the wealth of many of our now respectable millionaires. It is related that some of these people used to sell an accident insurance policy which guaranteed to the holder that he would receive $2,000 in case of accident. The premium was very modest—$1 or $2. But with all that, these policies could be sold only by high-pressure and none too scrupulous salesmen and only to illiterate persons. For anyone who could and would take the trouble to read the policy would discover that the amount of the policy would be paid only in the event of the following combination of circumstances: First, you had to be hit by a Mack truck (and no other); second, you had to be thrown 200 feet (no more, no less); third, on landing you had to strike a whitewashed picket fence (no other kind); and, finally, you had to suffer the fracture of the index

finger on your left hand. The Wagner-Lewis bill is very much like that, kind of a gold brick. But this evidently conforms to the expert opinions of the actuaries. This is the President's idea of " sound caution ", " consideration of all the facts concerned ", and of " proceeding in a manner that will merit the enthusiastic support of citizens of all sorts."

Just as it is impossible to accept the principles of the Wagner-Lewis bill as a basis of determining who shall get benefits, just so it is also impossible to accept it as a basis for determining when benefits shall be paid and in what amounts. Those in whose interest this measure was drawn propose to take no chances. If some worker manages by some miracle to become eligible for benefits, in spite of every precaution, the generous sponsors of the Wagner-Lewis bill propose that ample time be provided for a thorough investigation to establish that this is a genuine miracle. For this reason, a worker must wait 4 weeks before he can get any benefits at all. If after this period of investigation he qualifies, the Wagner-Lewis bill kindly consents to let him live on half rations, providing it does not amount to more than $15 a week. But even the most generous capitalist has his limitations. Realizing this, the Wagner-Lewis bill makes haste to relieve the insurance fund of further obligation—and incidentally, the worker of means of existence—at the end of 16 weeks.

This by no means exhausts the administration's capacity for " sound caution and consideration of all the facts concerned." We must remember that the President had mentioned yet another factor—" the capacity of industry to assume financial responsibilities." After all, in the present break-down of the capitalist system, miracles are apt to multiply. Quite a number of workers will yet be thrown into the army of the unemployed. While the President chooses to " stand or fall by my refusal to accept permanent unemployment as a necessary condition for our future ", economic advisers of big business prefer not to take such chances. These maintain that even if production is restored to the peak level of 1927, at least 7,000,000 are bound to remain part of a permanent army of unemployed. Under such conditions, and on the basis of the law of averages, even the number of workers who can perform the miracle of qualifying for the benefits of the Wagner-Lewis bill is likely to become embarrassingly large.

Therefore the Wagner-Lewis bill proposes to insure industry against financial responsibilities. It provides that such benefits as are to be paid shall be paid out of funds which are to be raised by means of either or both direct and indirect tax on the workers themselves. The indirect tax will be a tax upon employers' pay rolls, which they will, as usual, pass unto the worker by charging it against the cost of consumers' goods. The more direct tax is suggested for the benefit of the timid employers who are fearful lest they may have to pay something. In such case, States are advised that they may tax the miserable pay envelops of those workers who still have jobs.

Here again we do not propose, as does Mr. William Green and other friends of the employers and the administration, to merely suggest a few amendments. We do not wish to help conceal the essential viciousness and antilabor character of the Wagner-Lewis bill by offering, as does Mr. Green, some fancy trimmings in the form of meaningless amendments.

We refuse to endorse the Wagner-Lewis bill, whether it provides for a 4-week waiting period, or a 1-week period such as Mr. Green suggests. We refuse to support this bill whether it proposes benefits of $15 as a maximum or as a minimum. We know, from our experience with the N. R. A. codes, that the minimum becomes in practice a maximum. We refuse to lend sanction to this bill whether it says that workers are to be permitted to starve after 16 weeks or, as suggested by Mr. Green, after 26 weeks. We refuse to support a bill which proposes to give the workers the privilege of paying themselves unemployment insurance and relieves the Government and employers of the obligation to do so. Mr. Green cannot convince the workers in general, and the membership of the A. F. of L. in particular, that this measure is acceptable providing that workers are only taxed indirectly instead of directly.

We demand that unemployment- and social-insurance compensation shall be paid immediately to all workers, including particularly those now unemployed, in an amount equal to average wages, for all time lost. We maintain that workers are entitled to this compensation, because it merely represents the return of some of the surplus wealth which we have produced but we're not permitted to repurchase because we were paid inadequate wages even when we were working. We maintain that there is no reason why we should permit

further reduction of our standard of living when, even according to the President's Committee, 21,000,000 American families were living at or below the minimum of comfort, subsistence, and poverty level, even in the peak year of 1929. Compensation equal to average wages would provide no more than that. And that is the least to which we who produce all the wealth of this country should be entitled.

Why should we—and how can we—pay for unemployment when we do not receive, even when we are working, enough to meet our needs?

You pretend to recognize that it is necessary to increase purchasing power. Yet you continue to prepare new attacks upon the wages which are the source of mass purchasing power. You refuse to pay the back wages due to the veterans which would again serve to add to purchasing power. You plan to cut further the miserable relief of the unemployed, which means to withdraw more purchasing power from the market. And now you propose to compel workers who must spend every cent they earn on the necessities of life, and still are unable to buy most of these necessities, to put some of their starvation wages into your reserve funds.

This you are doing in order to help those who are already constipated with an overabundance of wealth. Your own economists are forced to admit that as against the 21,000,000 families who must spend practically all of their income, there are 750,000 families who, between them, withhold more than $10,000,000,000 from circulation. Why tax the pitiful earnings of the masses in order to build up reserves, when one of the chief reasons for the present serious crisis is precisely the fact that so much of wealth is held in reserve and withheld from circulation? Tax these reserves, tax the high incomes which are the source of these reserves, and you can begin to pay adequate unemployment and social insurance right now. Redistribute some of this wealth in the form of compensation for unemployment, industrial accident and sickness, old-age and maternity benefits, and you will see to what an extent the masses have gone without the necessities of life by the rush they will make to begin purchasing these necessities.

We demand social insurance that will provide compensation for every day of enforced idleness. We want such compensation to begin from the day we are forced to cease working and continue up to the day we are restored to employment at decent wage rates.

That is the reason why we reject the Wagner-Lewis fraud. That is why we demand immediate enactment of the workers' unemployment, old-age, and social-insurance bill.

We need not pause overlong to discuss the other phases of President Roosevelt's so-called "social-security" program as embodied in the Wagner-Lewis bill. Since they emanate from the same source and are motivated by the same purpose which we have already described, they are of an identical character with the parts already described and analyzed. It is clear that the old-age pension plan and, even more so, the compulsory-pension system are the product of the same "brain trust" as the one that devised all the empty phrases and all the vicious attacks that have been imposed upon the masses as part of the "new deal."

Under this part of the Wagner-Lewis bill persons who have devoted their lifetime to productive toil will, upon reaching the age of 70 years (65 years after 1940), be entitled to the munificent sum of a dollar a day if the State in which they reside agrees to accept the suggestion of the Federal Government that it is cheaper to do this than to maintain an aged person in a poorhouse. In this connection, those who denounce all proposals for high taxes upon large estates and inheritances do not hesitate to take a lien on the home and estate of the aged recipient of such a pension and to enforce it upon his death.

In order to qualify for these questionable benefits, one must have lived 5 years of the past 10 years in the given State. If he traveled about to look for work, he is disqualified. For the many other qualifications that will no doubt be made, it is necessary to await the pleasure of the 48 different State legislatures.

The even more vicious part of this measure establishes the first Federal tax on wages of workers whose earnings are less than $250 per month. According to this plan, a worker who earns an average of $100 a month from the age of 20 until he reaches the age of 65 years will have paid on account of this tax the sum of $1,075. His employer will have paid a similar amount (which as all such taxes will be added to the cost of production). The actu-

aries who have advised the committee which framed this measure base themselves on statistics that show that most persons live less than 1 year after reaching the age of 65. The benefits to be provided will amount to at most $40 per month. Thus a worker, if he can perform the miracle of keeping alive until the age of 65, will get an average of $440 after paying in nearly $1,100!

It is quite evident from this and other provisions of the Wagner-Lewis bill that Senator Wagner was not exaggerating when he stated in the article introducing his bill that there is "not a single dictate of business judgment that has been neglected in framing this legislation." To add to this would be painting the lily!

Since sponsors and apologists for this bill have had so much to say before this committee, and through other mediums about opponents whom they described as impractical visionaries and spinners of fantastic plans, it is necessary that we deal in closing with the problem of practicability and realizability. In this connection, too, it is necessary that we state our position with regard to the Townsend plan with which the workers' bill has been bracketed.

We who fight for genuine unemployment and social insurance have nothing in common with Dr. Townsend or his plan. We do not wish, nor is it necessary, to examine into his motives. We know that many demagogues who seek only personal self-aggrandizement are exploiting or attempting to exploit the dire needs and fervent hopes of the masses. Every city, county, and State boasts of a local Huey Long, Father Coughlin, Upton Sinclair, or Dr. Townsend. Every city, too, has it would-be Roosevelt, Perkins, Ickes, and Hopkins. All of these are trying to channel the discontent of the masses. Each offers a so-called "plan" and "solution" which we are urged to adopt as a painless way of reaching the millenium. The one thing that all of them have in common is that they direct various kinds of verbal attacks against capitalists, even while they bend all their efforts to the task of saving the capitalist system. On examination it is therefore possible to determine that in one respect all of these are at least partly correct. Their plans are painless—for the capitalists whom they pretend to attack.

While, therefore, we may forego consideration of motives, it is nevertheless necessary to establish clearly the objective content of the plans and also to differentiate between the merit of the plan and its sponsor and the movement behind the plan.

Certainly the movement behind the Townsend "OARP", like the movement behind Huey Long, Father Coughlin, et al. (and we might add, like the recent Democratic landslide,), reflects the great but misdirected discontent of the masses who are already in or on the brink of the bottomless abyss of economic ruin. They are not yet aware of the nature of the forces that drive them toward this abyss. They, therefore, cannot clearly understand and determine the way out. They are still subject to exploitation and misleadership by various charlatans and demagogues. For the moment, millions can still be fooled by such slogans as "new deal", "forgotten man", "share wealth", "economic security", "EPIC", and "EPIA", and "OARP." But make no mistake as to what the masses want. They want the right to live! They want to be free of the constant dread of unrelieved destitution. They know that the problem they face is not to be met by individual initiative. They begin to realize that it is a social problem and they look for action by the only body that can enact social measures—the Congress and Government of the United States.

It is true that the old-age revolving fund is a fantastic measure. What is more important is that it is a measure that furthers the purpose of those who seek to put new burdens upon the backs of the masses. While it is clear that a 10-percent sales tax would not provide even on the basis of 1929 sales the sum required to pay $200 a month to one-eighth of our population, it is even more true that propaganda for such a tax helps to popularize the program of those who want to direct attention away from demands for higher taxes on large incomes, gifts, and inheritances. That is why, although the Townsend plan is so fantastic and has less organized support than the demand for enactment of the workers' unemployment, old-age and social-insurance bill, those in control of the press are doing their utmost to popularize it. And that is why administration leaders who studiously avoid mentioning the workers' bill freely discuss the fantastic Townsend plan.

Yes! We are most decidedly opposed to the Townsend plan. But we are opposed to it for quite other reasons than those given by various other op-

ponents. We are opposed to it because we know that social insurance must be provided for all who need it and not only for those who reach the age of 60. We are opposed to it because it is another of those "painless" measures—painless for those who alone can afford to pay for old-age pensions and other forms of social insurance. Therefore, very painful and not at all helpful for the masses.

This goes for all other panaceas, whether they be proposed by dentists, priests, or professional demagogues. And it applies with especial force to the famous "new deal" and "social security" nostrums of President Roosevelt.

It is precisely because we are practical that we have not sought for a "painless" method of safeguarding the masses against the economic hazards of present-day society. We know that what is involved is the problem of securing for the producers a greater share of their product. This of necessity means that the owners must be forced to content themselves with a smaller share. This is painful—for those who are to get the smaller share.

But it is not visionary, fantastic, or impractical. The wealth is here within the borders of this country and within reach of the Government. If more needs be produced, we workers are willing to work and produce it. The land is fertile and rich in mineral resources. The factories, machinery, means of transportation, everything is at hand. You who are the Government are compelled to use force in order to keep us from applying our labor to productive purposes. You must resort to bribes in order to keep the farmer from cultivating his land and gathering his harvest. You employ force to keep our hungry and ragged families away from the overcrowded warehouses.

We of the working class have reason to know that a program which is painful to those who own the wealth cannot be realized without pain and sacrifice on our part. We are not looking for an "easy" way out. We are looking for an "effective" way. We have never got something for nothing. Every time we sought a little larger share of the wealth we produced we have had to fight for it. Every time we wanted a bit more bread for ourselves, our wives, and our children we have had to risk our very lives for it. Some are still looking for an easy way out. Some are still hoping that the genial President who has been so generous with promises will eventually become equally generous in performance. Some are still pinning their hopes on the Hitler-like promises of Huey Long, Father Coughlin, and other budding Fascists. Some are still deluded into believing that you, the gentlemen of Congress, will voluntarily and out of the kindness of your hearts present "social security" to the masses on a silver platter.

But we who have been members of trade unions for years, we who have organized and fought for everything we ever gained, we who faced your guns in this very Capital City when we considered it necessary to bring our demand for unemployment and social insurance to you, we have no such illusions. We know that our demands are practical, are reasonable. But we also know that we will win our demands only in the course of persistent, courageous, determined, uncompromising daily struggle because ours is a movement that represents the basic needs of the masses, because it consists of the most enlightened and advanced among those who are discontented and unwilling to suffer hunger and the dread of hunger in the midst of plenty, because it includes a great body of veteran fighters who have been hardened in numerous battles for the right to decent existence. We feel confident that regardless of the action you may take on the Wagner-Lewis bill our fight for genuine unemployment and social insurance as represented by the workers bill (H. R. 2827) will go on and will end only when either you have been forced to enact it or when the masses of this country will have found other means of assuring to themselves the right to live.

## STATEMENT OF GEORGE E. HAYES, REPRESENTING THE FEDERAL COUNCIL OF CHURCHES OF CHRIST IN AMERICA

Mr. Haynes. My name is George Edmund Haynes. I am the executive secretary of the department of race relations of the Federal Council of Churches.

Mr. Chairman, before I begin I have tried to condense in writing what I have to say in support of our request for a clause in this bill against discrimination to protect those who are discriminated against

under existing legislation of similar type. I would like to have, representing as I do, millions of constituents, more than the 5 minutes to present this statement, because it presents our research into facts that have not been presented in any of this legislation.

On behalf of the department of race relations, Federal Council of Churches, I wish to urge that title I, dealing with old age, under title II, dealing with allotments for dependent children under title III, on unemployment insurance, under title VII, having to do with maternal and child health, and title VIII providing for allotments to local and State public-health programs, that there be included in this bill a clause or clauses to provide that there shall be no discrimination on account of race or color in administration of services or benefits to any person otherwise eligible.

In support of our urgent request I wish to submit evidence to show that in the past the distribution and administration of Federal funds, both under the regular services furnished by the States, with the help of Federal funds, as well as in the emergency measures that have been carried out under legislation for recovery, there have been repeated, widespread, and continued discrimination on account of race or color as a result of which Negro men, women, and children did not share equitably and fairly in the distribution of the benefits accruing from the expenditure of such Federal funds.

There is the proposition, Mr. Chairman; and if you will give me the time, I will present evidence that will convince any open-minded person.

Mr. Cooper. Just on that point, you understand, we have under consideration a definite subject matter here.

Mr. Haynes. I am speaking definitely of the economic security bill and will present my objections and my recommendations on specific titles and sections if you will give me time.

Lest someone may not admit the importance of the Negro populations involved, let me point out that in 1930 in 14 Southern States, leaving out West Virginia, Oklahoma, and North Carolina, but including Delaware, Maryland, and Missouri, the percentage of Negroes in the total population ranged from 8.6 percent in Kentucky to 50.2 percent in Mississippi.

Furthermore, I shall point out here discriminations not only in those States but in other States where the funds have been administered directly by the Federal Government.

That discrimination and inequality of treatment is the rule and not the exception it may be well to cite a few facts to show how the Negroes participate in the distribution of the public-school funds in the States that have separate schools. In the school year 1929–30, according to figures compiled by Mr. Fred McCuistion for the Julius Rosenwald Fund, for every dollar which should have been expended on the colored schools on a parity basis in the following States the actual amount was spent as follows:

Alabama spent 36 cents out of every dollar that should have been expended; Florida, 31 cents; Georgia, 28 cents; Louisiana, 33 cents; Maryland, 71 cents; Mississippi, 21 cents; North Carolina, 48 cents; Oklahoma, 29 cents; South Carolina, 22 cents; and Texas, 45 cents; with an average of 37 cents out of a dollar.

I am including here a table so it will go in the record.

Mr. Hill. You say you are speaking to this bill. Is there any discrimination in this bill against the colored race?

Mr. HAYNES. Yes, sir. I am going to point it out. I want to lay the basis and show you what has been done under the Smith-Hughes Act and under the Smith-Lever Act, to show you that where the legislation did provide against discrimination they were fairly administered, and where they did not, they were not fairly administered. I want to get the facts before you, because they have not been presented, and they will not be presented, probably.

The Smith-Hughes Act and the Smith-Lever Act provided for home demonstration work, for agriculture, for trades, home economics and industries, teacher training, and for other benefits, based upon the proportion of the population of each State to the total population—the rural population of the State to the rural population of the Nation, and the urban population of the State to the urban population of the Nation.

It seems, therefore, that a fair test of the justice with which these funds have been spent in the several States where Negroes form a large percentage of the population, is to compare the percentage of these funds allotted to the States which have been spent for Negroes in comparison with the percentage the Negroes comprise of the rural, urban, and total population of those States.

The inequitable distributions of these funds becomes clear by examining the share Negroes received of the vocational funds and the teacher-training funds in 1931–32. A comparison of the percentage of Negroes in the rural population and the total population of 1930—unfortunately we do not have the percentage of the urban population for those States—with the percentage of vocational funds and teacher-training funds spent for Negroes discloses that not one of the 16 States for which figures are available spent the vocational funds equitably upon the basis of the proportion of Negroes in either the rural population or the total population of the respective States. In several of the States the gap between the percentages was wide.

I have the detailed figures and will put them in the record.

The expenditure of teacher training funds in five of the same States for the fiscal year 1931–32 were not available.

The CHAIRMAN. Mr. Haynes, your time has expired. You realize that you have the privilege of extending your remarks in the record.

Mr. HAYNES. No; but Mr. Chairman, I need to get this case squarely before this committee.

The CHAIRMAN. You realize that very few of the members of the committee are hearing your statement now, whereas they will all have an opportunity to read it in the record. You are getting at only a small minority of the committee now. There is not even a quorum here.

Mr. HAYNES. If possible I would like enough time to read the last three statements.

The CHAIRMAN. How long would it take?

Mr. HAYNES. I can do that in 5 minutes.

The CHAIRMAN. The Chair is without authority unless it is done upon the action of the committee.

Mr. HAYNES. I want to read the conclusion, because it points out specific measures of this bill where these discriminations will be practiced. I want to read it, Mr. Chairman, because I think it ought to be explained here, before you.

Mr. Dingell. Mr. Chairman, I ask unanimous consent that Mr. Haynes be given 5 additional minutes in which to present his statement.

The Chairman. Mr. Dingell asks unanimous consent that the gentleman may have 5 additional minutes. Is there objection? The Chair hears none. You may proceed.

Mr. Haynes. In conclusion, allow me to point out some of the specific provisions under the several titles of the economic-security bill which could be readily used for discrimination against eligible persons on account of race or color. There are examples of what may happen in the administration of this legislation. Under title I, section 4 (e), a plan for old-age assistance offered by a State authority must furnish "assistance at least great enough to provide, when added to the income of the aged recipient, a reasonable subsistence compatible with decency and health." In many communities there is a prevailing idea that Negro persons can have such a reasonable subsistence on less income than a white person. In States and communities, North and South, fair-minded citizens have had to contend strenuously against this notion being made a basis for lower wage rates in the N. R. A. codes, for low allowances, for lower standards for Negroes in relief budgets, and other measures. It would very probably be widely used to give less assistance to aged Negroes than to aged whites.

Under title II, section 204 (c), the same standard of reasonable subsistence compatible with decency and health is involved in the approval of State plans for the aid of dependent children. The lack of consideration for the Negro child in nearly all of the southern States and in many of the large northern urban communities is generally known and admitted, as one may readily prove from the reports of the President's White House Conference on Child Health and Protection.

Under title III, section 301, there is no minimum for wages upon which the earnings taxes shall be based. It is commonly accepted knowledge that the wages of Negro workers are frequently lower than those of white workers in the same plant and on the same jobs or same occupations. Wherever there is this discrimination in wages on account of race or color——

The Chairman. Would you mind pointing out those injustices where the situation and conditions obtain that you mention?

Mr. Haynes. I am reading my conclusion, Mr. Chairman. I am presenting facts. The facts are in here, if you give me time to present them.

Mr. Lewis. We can read them.

The Chairman. It will be contained in the record, then.

Mr. Haynes. I am now trying to point out specific places where we see this bill will work injustice. Mr. Chairman, may I say I am here against the judgment of others who form other groups who are opposed to this bill entirely. If you do not give me time to present these measures for protection under this bill, then you are going to drive a number of people into the opposition camp, who will oppose this bill. We favor the principle of this bill, because we believe that it does commit the Government to guarantee a minimum subsistence standard of living under this economic social security bill. I would like to point out where that will not operate equitably and fairly to these groups.

Wherever there is this discrimination in wages on account of race or color, this bill should provide an equalization of the percentage of the tax to be paid by the employee so that the employer will be required to pay a larger percentage of the tax, to equalize the difference in wages where that is shown.

Under title IV, section 403, it is proposed that the appropriations of specified sums be made from the Federal Treasury. Of which sums 98 percent is to be apportioned by the Social Insurance Board among the States. Unless this bill requires the distribution of benefits irrespective of race or color there is grave danger that in the regulations covering eligibility and other conditions for receiving benefits unfair practice against Negro aged will arise.

Under title VII, section 701 (a) allotments of Federal funds are provided for " furthering and strengthening State and local health services to mothers and children, extending maternity nursing services in counties predominantly rural, and conducting special demonstration and research in maternal care, and other aspects of maternal and child-health service." In view of the evidence presented here it is clear that specific provision is needed to insure equitable use of these funds and a fair distribution of benefits from their expenditure to Negro mothers and children.

Under title VIII, section 802, such a clause against racial discrimination is needed to insure equitable expenditure of funds for public-health services to Negroes in States where there are separate services provided, and in States where there are no separate services, arrangements to insure that doctors, dentists, nurses, and lay workers shall have full opportunity to qualify for such service irrespective of race or color.

The administration, both State and Federal, to be set up by this proposed law will employ a large number of officials, clerks, stenographers, and other employees. Because of wide-spread and continuous exclusion of Negroes from employment in such public service, both State and Federal, North and South, we urge a general clause in this bill providing that no person otherwise eligible shall be excluded on account of race or color from admission to public office or employment in any of the administrative personnel employed to carry out the provisions of this act.

On behalf of the department of race relations of the Federal Council of Churches, I urge upon your committee that under titles I, II, III, IV, VII, and VIII, there be some clause or clauses which will require as a part of plans to be submitted by a State for approval of Federal administrations, and in any and all such plans submitted by a State there shall be provisions against discrimination on account of race or color. In the case of allotments of funds from the Federal Treasury called for by any provision of this bill there be such a clause or clauses against racial discrimination to the effect that no money shall be paid out to any State or Territory for the support or maintenance of any such plan, program, service, or benefit, unless it shall first be shown that such State or Territorial authority will so distribute the funds that the benefits shall be offered to eligible persons irrespective of race or color.

I have included in here the provision in the Morrill Act, passed in 1862, for the establishment of land-grant colleges under the amendment of 1890. It is such a provision. Since the passage of that law the funds have been equitably administered. There is no such pro-

vision in the Smith-Hughes or the Smith-Lever bills. The facts here show the discrimination on account of race or color that has been proved.

The CHAIRMAN. We thank you, Mr. Haynes, for your appearance and the information you have given the committee.

The committee will take a recess until 2 o'clock.

The first witness this afternoon, at the request of Miss Roche, Assistant Secretary of the Treasury, will be Dr. Thomas Parran, of New York, and Dr. Walter Bierring, of Des Moines, Iowa. We understand that they need to take an early train to leave the city this afternoon. We will call Dr. Parran and Dr. Bierring as the first witnesses after lunch.

Mr. LEWIS. Before closing, with reference to the annuity act and the actuarial figures, I mean, the voluntary annuity part of the act, I wish to offer for the record the Canadian act on the subject with the Canadian tables and some American company tables for the purposes of comparison.

The CHAIRMAN. The Chair notes there is no objection. They will be put in the record.

(The documents referred to are as follows:)

### CANADIAN LAW

#### AN ACT TO AUTHORIZE THE ISSUE OF GOVERNMENT ANNUITIES FOR OLD AGE

(As amended by Acts 1909, c. 4; 1910, cc. 4 and 5)

(*Assented to 20th July, 1908*)

Whereas it is in the public interest that habits of thrift be promoted and that the people of Canada be encouraged and aided thereto so that provision may be made for old age; and whereas it is expedient that further facilities be afforded for the attainment of the said objects: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

*1.* This Act may be cited as the Government Annuities Act, 1908.

*2.* In this Act, unless the context otherwise requires:

(a) "Minister" means the Minister appointed by the Governor in Council to administer this Act:

(b) "annuity" means an annuity issued under the provisions of this Act;

(c) "annuitant" means a person in receipt of, or entitled to, the receipt of an annuity;

(d) "purchaser" means any person who has contracted for the purchase of an annuity (1910).

*3.* Until otherwise determined by the Governor in Council under the provisions of paragraph (a) of section 2, this Act shall be administered by the Minister of Trade and Commerce.*

*4.* His Majesty, represented and acting by the Minister, may, subject to the provisions of this Act and of any order in council made under the authority of this Act, contract with any person for the sale,—

(a) of an immediate or deferred annuity to any person domiciled in Canada,—

(i) for the life of the annuitant;

(ii) for a term of years certain, not exceeding twenty years, provided the annuitant shall so long live;

(iii) for a term of years certain, not exceeding twenty years, or for the life of the annuitant, whichever period shall be the longer;

(b) of an immediate or deferred annuity to any two persons domiciled in Canada during their joint lives, and with or without continuation to the survivor.

*5.* The purchaser may, by the payment at any time of a sum of not less than ten dollars, or by the payment of a stipulated sum periodically at fixed and

* Transferred to the Department of the Postmaster General January 1st, 1912.

definite intervals, to any agent of the Minister appointed under the provisions of this Act, purchase an annuity under the provisions hereof: *Provided, however*, That the amount payable by way of the annuity so purchased shall be subject to the terms of section 8 (1910).

*6.* Any purchaser who has money sufficient for the purpose deposited in any Post Office Savings Bank, may, upon making demand in such form as is prescribed in that behalf by the Postmaster General, authorize the Postmaster General to transfer to the Minister any sum which such person desires to apply to the purchase of an annuity under this Act (1910).

2. Any society or association of persons, being a body corporate for fraternal, benevolent, religious or other lawful purposes, may contract with his Majesty, on behalf of such of its members as are domiciled in Canada, for the sale to such members of annuities otherwise purchasable by them as individuals under this Act; and any sums of money necessary to the carrying out of this object may be paid by such society or association direct to the Minister, or may be deposited in any Post Office Savings Bank, to be transferred by the Postmaster General to the Minister.

3. Employers of labour may, pursuant to agreement entered into with their employers in that behalf (such agreement to be of a form approved by the Minister), contract with His Majesty for the sale to such of their employees as are domiciled in Canada of annuities otherwise purchaseable by such employees as individuals under this Act; and any sums of money necessary to the carrying out of this object, whether such sums are derived from the wages of the employees solely, or partly from the wages of the employees and partly from contributions of the employers, or from contributions of the employers solely, may be paid by such employers direct to the Minister, or may be deposited in any Post Office Savings Bank to be transferred by the Postmaster General to the Minister: *Provided*, That unless otherwise expressly stipulated any sums so paid shall be held for the exclusive account of the persons in whose names they were deposited respectively (1910).

7. All contracts for the purchase of annuities shall be entered into in accordance with the values stated in tables prepared under regulations made pursuant to section 13, and for the time being in use.

*8.* An annuity shall not be granted or issued on the life of any person other than that of the actual annuitant, nor for an amount less than $10 a year; and the total amount payable by way of an annuity or annuities to any annuitant or to joint annuitants shall not exceed $1,200 a year.

2. Any contract providing for an annuity to commence to be payable at any greater age than eighty-five years shall as to purchase price be subject to the same terms as if the age were exactly eighty-five years.

3. Except upon the occurrence of invalidity or disablement of an ennuitant, no annuity shall be payable or paid to any annuitant unless he has reached the age of fifty-five years.

4. When a married man who has purchased an annuity payable to himself applies to have a portion thereof converted into an annuity payable to his wife, or when a married woman who has purchased an annuity payable to herself applies to have a portion theerof converted into an annuity payable to her husband, the Minister may make such conversion, if,

(a) the application is made within the three months preceding the time when the annuity becomes payable; and

(b) the annuity so made payable to the wife does not exceed one-half of the husband's annuity, or the annuity so made payable to the husband does not exceed one-half of the wife's annuity; and

(c) the provisions of this Act and any regulations made under this Act are complied with (1910).

*9.* The Minister may refuse to contract for an annuity in any case where he is of opinion that there are sufficient grounds for refusing so to do.

*10.* Except as otherwise provided in this Act, no property, right, title, benefit, or interest in, under, or arising out of a contract for an annuity shall be transferable, either at law or in equity.

2. The Minister shall not receive nor be affected by notice, however given, of any trust affecting an annuity or affecting moneys paid or payable in respect of an annuity (1910).

*11.* An annuity and all moneys paid or payable and all rights under an annuity contract shall be exempt from the operation of any law relating to bankruptcy or insolvency, and shall not be seized or levied upon by or under the process or any court: provided, that if the application for an annuity contract is made and the consideration therefor is paid with intent to delay, hinder,

or defraud creditors, the creditors shall, upon establishing such intent before a court of competent jurisdiction, be entitled to receive, and the Minister is hereby authorized to pay to them or to any person authorized by the court to receive it on their behalf, any sum paid in by the purchaser with interest thereon at the rate of three percent per annum compounded yearly, or so much thereof as is certified by the court to be required to satisfy the claims of such creditors, and costs; and thereupon the annuity contract shall be cancelled, or the annuity to become payable thereunder shall be proportionately reduced, according as the whole or a part only of the sum payable as aforesaid is so paid by the Minister; or, if an annuity is then payable under the contract, such payment may be made out of and up to an amount equal to the present value of the annuity so payable, and the contract shall thereupon be cancelled, or the annuity payable thereunder proportionately reduced, according as the whole or a part only of such present value is so paid; provided always, that no action shall be brought for the cancellation of an annuity granted under this Act after the lapse of two years from the time at which the payment complained of has been made (1910).

*12.* When the annuitant or last survivor of joint annuitants dies before the annuity becomes payable, and any moneys have been paid or deposited as consideration for the annuity, such moneys shall be repaid to the purchaser or to his legal representatives, with interest thereon at the rate of three percent per annum, compounded yearly; provided that if there is an express agreement between the Minister and the purchaser as to dealing with such moneys, then they shall be paid as provided in such agreement.

2. When, under the annuity contract, the annuity is payable for a term of years certain or for the life of the annuitant, whichever period shall be the longer, and the annuitant dies before the expiration of the said term of years certain, the annuity shall, during the unexpired portion of the said term, be paid to the purchaser or to his legal representatives; provided that if there is an express agreement to the contrary between the Minister and the purchaser, the annuity shall be paid as provided in such agreement (1910).

*13.* The Governor in Council may make regulations not inconsistent with this Act,—

(a) as to the rate of interest to be allowed in the computation of values in the tables hereinafter referred to; and as to the rate of interest to be employed in valuing the annuities as provided for in subsection 2 of section 15;

(b) as to the preparation and use of tables for determining the value of annuities; and the revocation of all or any such tables and the preparation and use of other tables;

(c) as to the mode of making, and the forms of, contracts for annuities, including all requirements as to applications therefor;

(d) as to the selection of agents of the Minister to assist in executing the provisions of this Act, and the remuneration, if any, to such agents therefor;

(e) as to the modes of proving the age and identity and the existence or death of persons;

(f) as to the modes of paying sums of money payable under this Act;

(g) as to dealing with an application of unclaimed annuities;

(h) for the doing of anything incidental to the foregoing matters, or necessary for the effectual execution and working of this Act and the attainment of the intention and objects thereof.

*14.* The moneys received under the provisions of this Act shall form part of the Consolidated Revenue Fund; and the moneys payable under the said provisions shall be payable out of the said Consolidated Revenue Fund.

*15.* An account shall be kept, to be called the "Government Annuities Account", of all moneys received and paid out under the provisions of this Act, and of the assets and liabilities appertaining to the grant of annuities under the said provisions; and among the liabilities included in the said account at the end of each fiscal year shall appear the present value of the prospective annuities contracted for up to the end of such fiscal year.

2. The present value referred to in the next preceding subsection shall, as to interest, be calculated upon such rate as is fixed by the Governor in Council, and, as to mortality, upon such rates as are used in preparing the tables approved of by the Governor in Council and for the time being in use, as provided for in paragraph (b) of section 13.

*16.* There shall be laid before both Houses of Parliament, within the first thirty days of each session thereof, a return containing a full and clear statement and accounts of all business done in pursuance of this Act during the fiscal year next previous to such session, and copies of all regulations made during that fiscal year under the provisions of section 13 of this Act.

## Annuity Tables

Showing the cost of deferred and immediate annuities to persons between the ages of 5 and 85 in the ordinary life and 10-year guaranteed plans. Rates for ages over 85 are the same as at 85.

### CANADIAN GOVERNMENT ANNUITIES

*Rates for deferred annuities—Plan "A"*

Yearly payments (which may be split up into weekly, monthly, quarterly, or half-yearly amounts if desired without any addition to the cost) required for the purchase of an annuity of $100 beginning at age 50, 55, 60, 65, or 70, and payable quarterly thereafter for life. In the event of death before the first payment of annuity falls due, all payments made, with 4-percent compound interest, will be refunded to the heirs. The cost of each additional $100 up to $5,000 is at the same rate. Example: A payment of $10.61 a year from 20 to 60 will buy an annuity of $100.

| Age last birthday | Yearly rate for annuity of $100 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Males | | | | | Females | | | | |
| | Age 50 | Age 55 | Age 60 | Age 65 | Age 70 | Age 50 | Age 55 | Age 60 | Age 65 | Age 70 |
| 5 | $10.72 | $7.58 | $5.27 | $3.60 | $2.40 | $11.39 | $8.24 | $5.85 | $4.03 | $2.69 |
| 6 | 11.25 | 7.93 | 5.51 | 3.76 | 2.50 | 11.95 | 8.62 | 6.12 | 4.21 | 2.81 |
| 7 | 11.80 | 8.31 | 5.76 | 3.93 | 2.61 | 12.53 | 9.03 | 6.40 | 4.40 | 2.93 |
| 8 | 12.38 | 8.70 | 6.03 | 4.10 | 2.73 | 13.15 | 9.46 | 6.69 | 4.60 | 3.06 |
| 9 | 13.00 | 9.12 | 6.31 | 4.29 | 2.85 | 13.81 | 9.91 | 7.00 | 4.81 | 3.19 |
| 10 | 13.66 | 9.56 | 6.60 | 4.84 | 2.97 | 14.51 | 10.39 | 7.32 | 5.02 | 3.33 |
| 11 | 14.36 | 10.02 | 6.91 | 4.68 | 3.11 | 15.25 | 10.90 | 7.67 | 5.25 | 3.48 |
| 12 | 15.10 | 10.51 | 7.24 | 4.90 | 3.24 | 16.04 | 11.43 | 8.03 | 5.49 | 3.64 |
| 13 | 15.89 | 11.04 | 7.58 | 5.12 | 3.39 | 16.87 | 12.00 | 8.41 | 5.74 | 3.80 |
| 14 | 16.73 | 11.59 | 7.94 | 5.36 | 3.54 | 17.77 | 12.60 | 8.81 | 6.01 | 3.97 |
| 15 | 17.62 | 12.17 | 8.33 | 5.61 | 3.70 | 18.72 | 13.23 | 9.24 | 6.29 | 4.15 |
| 16 | 18.58 | 12.79 | 8.73 | 5.87 | 3.87 | 19.74 | 13.91 | 9.69 | 6.58 | 4.34 |
| 17 | 19.60 | 13.45 | 9.16 | 6.15 | 4.05 | 20.82 | 14.63 | 10.16 | 6.89 | 4.54 |
| 18 | 20.70 | 14.16 | 9.62 | 6.44 | 4.23 | 21.99 | 15.39 | 10.67 | 7.22 | 4.74 |
| 19 | 21.88 | 14.91 | 10.10 | 6.75 | 4.43 | 23.24 | 16.21 | 11.20 | 7.57 | 4.96 |
| 20 | 23.14 | 15.71 | 10.61 | 7.08 | 4.64 | 24.58 | 17.07 | 11.77 | 7.93 | 5.19 |
| 21 | 24.50 | 16.56 | 11.15 | 7.42 | 4.85 | 26.03 | 18.00 | 12.37 | 8.32 | 5.44 |
| 22 | 25.97 | 17.47 | 11.72 | 7.78 | 5.08 | 27.59 | 18.99 | 13.01 | 8.73 | 5.69 |
| 23 | 27.57 | 18.45 | 12.34 | 8.17 | 5.32 | 29.28 | 20.06 | 13.69 | 9.16 | 5.97 |
| 24 | 29.29 | 19.50 | 12.99 | 8.58 | 5.58 | 31.11 | 21.20 | 14.41 | 9.62 | 6.25 |
| 25 | 31.16 | 20.62 | 13.69 | 9.01 | 5.85 | 33.10 | 22.42 | 15.18 | 10.10 | 6.55 |
| 26 | 33.21 | 21.84 | 14.43 | 9.47 | 6.13 | 35.28 | 23.74 | 16.01 | 10.62 | 6.87 |
| 27 | 35.44 | 23.15 | 15.22 | 9.96 | 6.43 | 37.65 | 25.17 | 16.89 | 11.17 | 7.21 |
| 28 | 37.90 | 24.57 | 16.08 | 10.48 | 6.75 | 40.26 | 26.71 | 17.83 | 11.75 | 7.57 |
| 29 | 40.60 | 26.10 | 16.99 | 11.04 | 7.09 | 43.13 | 28.38 | 18.85 | 12.37 | 7.94 |
| 30 | 43.59 | 27.77 | 17.97 | 11.63 | 7.45 | 46.30 | 30.20 | 19.94 | 13.04 | 8.35 |
| 31 | 46.90 | 29.60 | 19.03 | 12.26 | 7.83 | 49.82 | 32.18 | 21.11 | 13.74 | 8.77 |
| 32 | 50.61 | 31.59 | 20.17 | 12.93 | 8.23 | 53.76 | 34.34 | 22.38 | 14.50 | 9.23 |
| 33 | 54.77 | 33.77 | 21.41 | 13.66 | 8.66 | 58.18 | 36.72 | 23.75 | 15.31 | 9.71 |
| 34 | 59.47 | 36.18 | 22.75 | 14.43 | 9.12 | 63.17 | 39.33 | 25.24 | 16.18 | 10.22 |
| 35 | 64.82 | 38.84 | 24.20 | 15.27 | 9.61 | 68.85 | 42.23 | 26.85 | 17.12 | 10.77 |
| 36 | 70.95 | 41.80 | 25.79 | 16.17 | 10.13 | 75.37 | 45.44 | 28.61 | 18.13 | 11.35 |
| 37 | 78.06 | 45.10 | 27.53 | 17.14 | 10.69 | 82.92 | 49.03 | 30.54 | 19.21 | 11.98 |
| 38 | 86.38 | 48.81 | 29.43 | 18.19 | 11.29 | 91.75 | 53.06 | 32.65 | 20.39 | 12.65 |
| 39 | 96.24 | 53.00 | 31.53 | 19.32 | 11.93 | 102.23 | 57.62 | 34.98 | 21.67 | 13.37 |
| 40 | 108.10 | 57.77 | 33.85 | 20.56 | 12.62 | 114.83 | 62.80 | 37.55 | 23.05 | 14.14 |
| 41 | 122.64 | 63.24 | 36.43 | 21.91 | 13.36 | 130.28 | 68.75 | 40.41 | 24.57 | 14.97 |
| 42 | 140.86 | 69.57 | 39.30 | 23.38 | 14.16 | 149.62 | 75.63 | 43.60 | 26.22 | 15.87 |
| 43 | 164.33 | 76.98 | 42.53 | 25.00 | 15.03 | 174.55 | 83.69 | 47.19 | 28.03 | 16.84 |
| 44 | 195.67 | 85.77 | 46.18 | 26.79 | 15.97 | 207.85 | 93.24 | 51.24 | 30.03 | 17.90 |
| 45 | 239.63 | 96.34 | 50.34 | 28.76 | 16.99 | 254.54 | 104.74 | 55.85 | 32.24 | 19.04 |
| 46 | 305.74 | 109.30 | 55.10 | 30.95 | 18.11 | 324.79 | 118.82 | 61.13 | 34.70 | 20.29 |
| 47 | 416.51 | 125.54 | 60.62 | 33.39 | 19.33 | 442.48 | 136.47 | 67.26 | 37.44 | 21.66 |
| 48 | 639.29 | 146.45 | 67.08 | 36.13 | 20.66 | 679.40 | 159.21 | 74.42 | 40.51 | 23.16 |
| 49 | 1,310.53 | 174.39 | 74.74 | 39.24 | 22.14 | 1,394.13 | 189.58 | 82.92 | 43.99 | 24.81 |
| 50 | -------- | 213.56 | 83.95 | 42.76 | 23.76 | -------- | 232.17 | 93.14 | 47.95 | 26.63 |
| 51 | -------- | 272.40 | 95.25 | 46.81 | 25.57 | -------- | 296.15 | 105.67 | 52.49 | 28.66 |
| 52 | -------- | 371.19 | 109.39 | 51.50 | 27.59 | -------- | 403.55 | 121.36 | 57.74 | 30.93 |
| 53 | -------- | 570.10 | 127.62 | 56.99 | 29.86 | -------- | 619.93 | 141.58 | 63.90 | 33.47 |
| 54 | -------- | 1,170.02 | 151.96 | 63.49 | 32.43 | -------- | 1,273.21 | 168.59 | 71.19 | 36.34 |
| 55 | -------- | -------- | 186.10 | 71.32 | 35.34 | -------- | -------- | 206.46 | 79.97 | 39.61 |
| 56 | -------- | -------- | 237.36 | 80.91 | 38.69 | -------- | -------- | 263.34 | 90.72 | 43.36 |
| 57 | -------- | -------- | 323.57 | 92.93 | 42.56 | -------- | -------- | 358.92 | 104.20 | 47.70 |
| 58 | -------- | -------- | 497.43 | 108.42 | 47.09 | -------- | -------- | 551.67 | 121.56 | 52.78 |
| 59 | -------- | -------- | 1,022.65 | 129.10 | 52.47 | -------- | -------- | 1,134.11 | 144.75 | 58.81 |
| 60 | -------- | -------- | -------- | 158.10 | 58.94 | -------- | -------- | -------- | 177.26 | 66.06 |
| 61 | -------- | -------- | -------- | 201.64 | 66.87 | -------- | -------- | -------- | 226.10 | 74.94 |
| 62 | -------- | -------- | -------- | 275.05 | 76.80 | -------- | -------- | -------- | 308.28 | 86.07 |
| 63 | -------- | -------- | -------- | 423.45 | 89.59 | -------- | -------- | -------- | 474.24 | 100.41 |
| 64 | -------- | -------- | -------- | 872.78 | 106.69 | -------- | -------- | -------- | 976.47 | 119.57 |
| 65 | -------- | -------- | -------- | -------- | 130.65 | -------- | -------- | -------- | -------- | 146.42 |
| 66 | -------- | -------- | -------- | -------- | 166.62 | -------- | -------- | -------- | -------- | 186.74 |
| 67 | -------- | -------- | -------- | -------- | 227.48 | -------- | -------- | -------- | -------- | 254.80 |
| 68 | -------- | -------- | -------- | -------- | 350.98 | -------- | -------- | -------- | -------- | 392.64 |
| 69 | -------- | -------- | -------- | -------- | 726.13 | -------- | -------- | -------- | -------- | 810.85 |

*Deferred annuities guaranteed for 10 years, but payable thereafter as long as annuitant lives*

Yearly payments (which may be split up into weekly, monthly, quarterly, or half-yearly amounts if desired, without additional cost) required for the purchase of a guaranteed annuity of $100 beginning at age 50, 55, 60, 65, or 70. In the event of death at any time before the first payment of annuity falls due, all payments made, with 4 percent compound interest, will be refunded to heirs. In the event of death within the first 10 years after the annuity becomes payable the payments will be continued for the full 10 years as the purchaser may direct. If the annuitant survives the 10 years the annuity will be continued thereafter as long as the annuitant lives. The cost of each additional $100 up to $5,000 is at the same rate. The annuity will be paid in installments of $25 every 3 months.

Example: A man aged 20 purchasing a guaranteed annuity of $100 to begin at age 60 would pay in $11.83 a year for 40 years, or a total of $473.20.

If he should die at any time before the annuity fell due, all that he had paid in, with 4 percent compound interest, would be returned to his heirs.

If he should die after the last premium had been paid, and just before the annuity fell due, the Government would return to his heirs the sum of $1,157.76.

If he died after receiving one payment of annuity the Government would pay to his heirs $25 every 3 months until the whole of the $1,000 guaranteed had been paid.

| Commencing age (last birthday) | Yearly rate for annuity of $100 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Males | | | | | Females | | | | |
| | Age 50 | Age 55 | Age 60 | Age 65 | Age 70 | Age 50 | Age 55 | Age 60 | Age 65 | Age 70 |
| 5 | $11.24 | $8.13 | $5.88 | $4.27 | $3.15 | $11.88 | $8.69 | $6.31 | $4.54 | $3.29 |
| 6 | 11.79 | 8.51 | 6.15 | 4.46 | 3.28 | 12.45 | 9.10 | 6.59 | 4.74 | 3.43 |
| 7 | 12.37 | 8.91 | 6.43 | 4.66 | 3.43 | 13.06 | 9.53 | 6.89 | 4.96 | 3.58 |
| 8 | 12.98 | 9.34 | 6.72 | 4.87 | 3.58 | 13.71 | 9.98 | 7.21 | 5.18 | 3.74 |
| 9 | 13.63 | 9.78 | 7.04 | 5.09 | 3.74 | 14.40 | 10.46 | 7.55 | 5.41 | 3.90 |
| 10 | 14.32 | 10.26 | 7.36 | 5.32 | 3.90 | 15.13 | 10.97 | 7.90 | 5.66 | 4.08 |
| 11 | 15.05 | 10.76 | 7.71 | 5.56 | 4.07 | 15.90 | 11.50 | 8.27 | 5.91 | 4.26 |
| 12 | 15.83 | 11.28 | 8.07 | 5.82 | 4.26 | 16.72 | 12.06 | 8.66 | 6.18 | 4.45 |
| 13 | 16.66 | 11.84 | 8.45 | 6.08 | 4.45 | 17.59 | 12.66 | 9.07 | 6.47 | 4.65 |
| 14 | 17.54 | 12.44 | 8.86 | 6.36 | 4.65 | 18.52 | 13.29 | 9.50 | 6.77 | 4.86 |
| 15 | 18.48 | 13.06 | 9.29 | 6.66 | 4.86 | 19.51 | 13.97 | 9.96 | 7.08 | 5.08 |
| 16 | 19.48 | 13.73 | 9.74 | 6.97 | 5.08 | 20.57 | 14.68 | 10.45 | 7.41 | 5.31 |
| 17 | 20.55 | 14.44 | 10.22 | 7.30 | 5.31 | 21.71 | 15.44 | 10.96 | 7.76 | 5.55 |
| 18 | 21.70 | 15.19 | 10.72 | 7.65 | 5.55 | 22.92 | 16.24 | 11.50 | 8.13 | 5.81 |
| 19 | 22.94 | 16.00 | 11.26 | 8.02 | 5.81 | 24.23 | 17.10 | 12.08 | 8.52 | 6.07 |
| 20 | 24.26 | 16.86 | 11.83 | 8.40 | 6.08 | 25.63 | 18.02 | 12.69 | 8.93 | 6.36 |
| 21 | 25.69 | 17.77 | 12.43 | 8.81 | 6.37 | 27.14 | 19.00 | 13.33 | 9.37 | 6.65 |
| 22 | 27.23 | 18.75 | 13.07 | 9.24 | 6.67 | 28.76 | 20.04 | 14.02 | 9.83 | 6.97 |
| 23 | 28.90 | 19.80 | 13.76 | 9.70 | 6.98 | 30.53 | 21.17 | 14.76 | 10.31 | 7.30 |
| 24 | 30.71 | 20.92 | 14.49 | 10.19 | 7.32 | 32.44 | 22.37 | 15.54 | 10.83 | 7.65 |
| 25 | 32.68 | 22.13 | 15.26 | 10.70 | 7.67 | 34.51 | 23.66 | 16.37 | 11.38 | 8.02 |
| 26 | 34.82 | 23.44 | 16.09 | 11.25 | 8.04 | 36.77 | 25.06 | 17.26 | 11.96 | 8.41 |
| 27 | 37.16 | 24.84 | 16.98 | 11.83 | 8.44 | 39.25 | 26.56 | 18.21 | 12.57 | 8.82 |
| 28 | 39.73 | 26.37 | 17.93 | 12.45 | 8.86 | 41.97 | 28.19 | 19.23 | 13.23 | 9.26 |
| 29 | 42.57 | 28.02 | 18.95 | 13.10 | 9.30 | 44.96 | 29.95 | 20.32 | 13.93 | 9.72 |
| 30 | 45.70 | 29.81 | 20.04 | 13.81 | 9.77 | 48.27 | 31.87 | 21.49 | 14.68 | 10.21 |
| 31 | 49.18 | 31.76 | 21.22 | 14.56 | 10.27 | 51.94 | 33.96 | 22.76 | 15.48 | 10.73 |
| 32 | 53.06 | 33.90 | 22.50 | 15.36 | 10.80 | 56.04 | 36.24 | 24.13 | 16.33 | 11.29 |
| 33 | 57.42 | 36.25 | 23.87 | 16.22 | 11.36 | 60.65 | 38.75 | 25.60 | 17.24 | 11.88 |
| 34 | 62.35 | 38.83 | 25.37 | 17.14 | 11.96 | 65.86 | 41.51 | 27.21 | 18.22 | 12.51 |
| 35 | 67.96 | 41.69 | 26.99 | 18.13 | 12.61 | 71.78 | 44.57 | 28.95 | 19.28 | 13.18 |
| 36 | 74.39 | 44.86 | 28.76 | 19.20 | 13.29 | 78.57 | 47.96 | 30.85 | 20.41 | 13.89 |
| 37 | 81.84 | 48.41 | 30.70 | 20.35 | 14.02 | 86.44 | 51.75 | 32.92 | 21.64 | 14.66 |
| 38 | 90.57 | 52.39 | 32.82 | 21.60 | 14.81 | 95.65 | 56.00 | 35.20 | 22.96 | 15.48 |
| 39 | 100.90 | 56.88 | 35.16 | 22.95 | 15.65 | 106.57 | 60.81 | 37.71 | 24.40 | 16.36 |
| 40 | 113.34 | 62.00 | 37.75 | 24.42 | 16.55 | 119.71 | 66.28 | 40.48 | 25.96 | 17.30 |
| 41 | 128.59 | 67.87 | 40.62 | 26.02 | 17.53 | 135.81 | 72.55 | 43.57 | 27.66 | 18.32 |
| 42 | 147.69 | 74.66 | 43.83 | 27.77 | 18.58 | 155.98 | 79.82 | 47.01 | 29.52 | 19.42 |
| 43 | 172.29 | 82.62 | 47.43 | 29.69 | 19.72 | 181.97 | 88.32 | 50.87 | 31.57 | 20.61 |
| 44 | 205.16 | 92.05 | 51.50 | 31.81 | 20.95 | 216.68 | 98.41 | 55.24 | 33.82 | 21.90 |
| 45 | 251.24 | 103.40 | 56.13 | 34.15 | 22.29 | 265.36 | 110.54 | 60.21 | 36.30 | 23.30 |
| 46 | 320.51 | 117.31 | 61.45 | 36.75 | 23.76 | 338.52 | 125.41 | 65.91 | 39.07 | 24.83 |
| 47 | 436.28 | 134.73 | 67.60 | 39.65 | 25.35 | 460.82 | 144.03 | 72.51 | 42.15 | 26.50 |
| 48 | 668.50 | 157.18 | 74.81 | 42.91 | 27.11 | 706.30 | 168.03 | 80.23 | 45.62 | 28.33 |
| 49 | 1,366.82 | 187.16 | 83.34 | 46.59 | 29.04 | 1,445.00 | 200.08 | 89.39 | 49.53 | 30.35 |
| 50 | --------- | 229.20 | 93.62 | 50.78 | 31.18 | --------- | 245.03 | 100.41 | 53.99 | 32.59 |
| 51 | --------- | 292.32 | 106.21 | 55.59 | 33.55 | --------- | 312.52 | 113.92 | 59.10 | 35.07 |
| 52 | --------- | 397.91 | 121.99 | 61.16 | 36.20 | --------- | 425.43 | 130.83 | 65.02 | 37.84 |
| 53 | --------- | 609.75 | 142.31 | 67.68 | 39.18 | --------- | 652.09 | 152.63 | 71.95 | 40.95 |
| 54 | --------- | 1,246.90 | 169.46 | 75.40 | 42.54 | --------- | 1,334.23 | 181.75 | 80.16 | 44.46 |
| 55 | --------- | --------- | 207.52 | 84.70 | 46.37 | --------- | --------- | 222.58 | 90.04 | 48.46 |
| 56 | --------- | --------- | 264.66 | 96.09 | 50.76 | --------- | --------- | 283.86 | 102.15 | 53.05 |
| 57 | --------- | --------- | 360.26 | 110.36 | 55.84 | --------- | --------- | 386.41 | 117.33 | 58.36 |
| 58 | --------- | --------- | 552.08 | 128.75 | 61.79 | --------- | --------- | 592.25 | 136.87 | 64.58 |
| 59 | --------- | --------- | 1,129.13 | 153.31 | 68.84 | --------- | --------- | 1,211.71 | 162.98 | 71.95 |
| 60 | --------- | --------- | --------- | 187.74 | 77.33 | --------- | --------- | --------- | 199.60 | 80.82 |
| 61 | --------- | --------- | --------- | 239.42 | 87.73 | --------- | --------- | --------- | 254.54 | 91.70 |
| 62 | --------- | --------- | --------- | 325.89 | 100.76 | --------- | --------- | --------- | 346.48 | 105.31 |

*Deferred annuities guaranteed for 10 years, but payable thereafter as long as annuitant lives*—Continued

| Commencing age (last birthday) | Yearly rate for annuity of $100 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Males | | | | | Females | | | | |
| | Age 50 | Age 55 | Age 60 | Age 65 | Age 70 | Age 50 | Age 55 | Age 60 | Age 65 | Age 70 |
| 63 | | | | $499.39 | $117.55 | | | | $530.99 | $122.86 |
| 64 | | | | 1,021.37 | 139.97 | | | | 1,086.21 | 146.30 |
| 65 | | | | | 171.41 | | | | | 179.16 |
| 66 | | | | | 218.58 | | | | | 228.46 |
| 67 | | | | | 297.50 | | | | | 310.96 |
| 68 | | | | | 455.80 | | | | | 476.47 |
| 69 | | | | | 931.99 | | | | | 974.45 |

*Table of rates for an immediate life annuity guaranteed payable in any event for 10 years*

[Annuity to be paid quarterly, the first instalment 3 months after purchase]

| Age last birthday | Males: Amount payable for annuity of $100 guaranteed 10 years | Males: Annuity guaranteed 10 years obtainable for a payment of $1,000 | Females: Amount payable for annuity of $100 guaranteed 10 years | Females: Annuity guaranteed 10 years obtainable for a payment of $1,000 | Age last birthday | Males: Amount payable for annuity of $100 guaranteed 10 years | Males: Annuity guaranteed 10 years obtainable for a payment of $1,000 | Females: Amount payable for annuity of $100 guaranteed 10 years | Females: Annuity guaranteed 10 years obtainable for a payment of $1,000 |
|---|---|---|---|---|---|---|---|---|---|
| 5 | $2,118 | $47.21 | $2,129 | $46.97 | 46 | $1,483 | $67.43 | $1,552 | $64.43 |
| 6 | 2,109 | 47.42 | 2,120 | 47.17 | 47 | 1,460 | 68.49 | 1,532 | 65.27 |
| 7 | 2,098 | 47.66 | 2,110 | 47.39 | 48 | 1,436 | 69.64 | 1,512 | 66.14 |
| 8 | 2,087 | 47.92 | 2,099 | 47.64 | 49 | 1,412 | 70.82 | 1,491 | 67.07 |
| 9 | 2,075 | 48.19 | 2,087 | 47.92 | 50 | 1,388 | 72.05 | 1,470 | 68.03 |
| 10 | 2,063 | 48.47 | 2,075 | 48.19 | 51 | 1,363 | 73.37 | 1,448 | 69.06 |
| 11 | 2,051 | 48.76 | 2,064 | 48.45 | 52 | 1,339 | 74.68 | 1,426 | 70.13 |
| 12 | 2,039 | 49.04 | 2,052 | 48.73 | 53 | 1,314 | 76.10 | 1,403 | 71.28 |
| 13 | 2,027 | 49.33 | 2,040 | 49.02 | 54 | 1,290 | 77.52 | 1,380 | 72.46 |
| 14 | 2,015 | 49.63 | 2,029 | 49.29 | 55 | 1,265 | 79.05 | 1,356 | 73.75 |
| 15 | 2,003 | 49.93 | 2,017 | 49.58 | 56 | 1,241 | 80.58 | 1,332 | 75.08 |
| 16 | 1,991 | 50.23 | 2,005 | 49.88 | 57 | 1,217 | 82.17 | 1,307 | 76.51 |
| 17 | 1,979 | 50.53 | 1,994 | 50.15 | 58 | 1,193 | 83.82 | 1,282 | 78.00 |
| 18 | 1,967 | 50.84 | 1,982 | 50.45 | 59 | 1,169 | 85.54 | 1,256 | 79.62 |
| 19 | 1,955 | 51.15 | 1,971 | 50.74 | 60 | 1,145 | 87.34 | 1,230 | 81.30 |
| 20 | 1,943 | 51.47 | 1,960 | 51.02 | 61 | 1,122 | 89.13 | 1,204 | 83.06 |
| 21 | 1,931 | 51.79 | 1,948 | 51.33 | 62 | 1,100 | 90.91 | 1,178 | 84.89 |
| 22 | 1,918 | 52.14 | 1,937 | 51.63 | 63 | 1,078 | 92.76 | 1,152 | 86.81 |
| 23 | 1,906 | 52.47 | 1,924 | 51.98 | 64 | 1,057 | 94.61 | 1,127 | 88.73 |
| 24 | 1,882 | 52.85 | 1,912 | 52.30 | 65 | 1,036 | 96.53 | 1,102 | 90.74 |
| 25 | 1,879 | 53.22 | 1,899 | 52.66 | 66 | 1,016 | 98.43 | 1,077 | 92.85 |
| 26 | 1,865 | 53.62 | 1,886 | 53.02 | 67 | 997 | 100.30 | 1,054 | 94.88 |
| 27 | 1,850 | 54.05 | 1,872 | 53.42 | 68 | 979 | 102.15 | 1,031 | 96.99 |
| 28 | 1,835 | 54.50 | 1,858 | 53.82 | 69 | 962 | 103.95 | 1,009 | 99.11 |
| 29 | 1,819 | 54.98 | 1,844 | 54.23 | 70 | 946 | 105.71 | 988 | 101.21 |
| 30 | 1,803 | 55.46 | 1,829 | 54.67 | 71 | 930 | 107.53 | 9[illegible] | 103.20 |
| 31 | 1,787 | 55.96 | 1,814 | 55.13 | 72 | 916 | 109.17 | 951 | 105.15 |
| 32 | 1,770 | 56.50 | 1,798 | 55.62 | 73 | 903 | 110.74 | 934 | 107.07 |
| 33 | 1,752 | 57.08 | 1,783 | 56.09 | 74 | 892 | 112.11 | 918 | 108.93 |
| 34 | 1,734 | 57.67 | 1,767 | 56.59 | 75 | 881 | 113.51 | 904 | 110.62 |
| 35 | 1,716 | 58.28 | 1,750 | 57.14 | 76 | 871 | 114.81 | 891 | 112.23 |
| 36 | 1,697 | 58.93 | 1,733 | 57.70 | 77 | 862 | 116.01 | 880 | 113.64 |
| 37 | 1,678 | 59.59 | 1,717 | 58.24 | 78 | 855 | 116.96 | 870 | 114.94 |
| 38 | 1,658 | 60.31 | 1,699 | 58.85 | 79 | 848 | 117.92 | 861 | 116.14 |
| 39 | 1,637 | 61.09 | 1,682 | 59.45 | 80 | 843 | 118.62 | 853 | 117.23 |
| 40 | 1,617 | 61.84 | 1,664 | 60.10 | 81 | 838 | 119.33 | 846 | 118.20 |
| 41 | 1,595 | 62.70 | 1,646 | 60.75 | 82 | 834 | 119.90 | 841 | 118.91 |
| 42 | 1,574 | 63.53 | 1,628 | 61.43 | 83 | 831 | 120.34 | 836 | 119.62 |
| 43 | 1,552 | 64.43 | 1,610 | 62.11 | 84 | 828 | 120.77 | 832 | 120.19 |
| 44 | 1,529 | 65.40 | 1,591 | 62.85 | 85 | 826 | 121.07 | 829 | 120.63 |
| 45 | 1,506 | 66.40 | 1,572 | 63.61 | | | | | |

*Rates for immediate annuities*

[Annuities payable quarterly; first instalment 3 months after purchase]

| Age last birthday | Males: Amount required for a life annuity of $100 | Males: Life annuity to be secured by payment of $1,000 | Females: Amount required for a life annuity of $100 | Females: Life annuity to be secured by payment of $1,000 | Age last birthday | Males: Amount required for a life annuity of $100 | Males: Life annuity to be secured by payment of $1,000 | Females: Amount required for a life annuity of $100 | Females: Life annuity to be secured by payment of $1,000 |
|---|---|---|---|---|---|---|---|---|---|
| 5 | $2,110 | $47.30 | $2,121 | $47.15 | 46 | $1,441 | $69.40 | $1,512 | $66.14 |
| 6 | 2,101 | 47.60 | 2,112 | 47.35 | 47 | 1,415 | 70.67 | 1,490 | 67.11 |
| 7 | 2,091 | 47.82 | 2,103 | 47.55 | 48 | 1,388 | 72.05 | 1,468 | 68.12 |
| 8 | 2,079 | 48.10 | 2,092 | 47.80 | 49 | 1,361 | 73.48 | 1,446 | 69.16 |
| 9 | 2,067 | 48.38 | 2,079 | 48.10 | 50 | 1,334 | 74.96 | 1,423 | 70.27 |
| 10 | 2,054 | 48.69 | 2,067 | 48.38 | 51 | 1,306 | 76.57 | 1,400 | 71.43 |
| 11 | 2,041 | 49.00 | 2,054 | 48.69 | 52 | 1,278 | 78.25 | 1,376 | 72.67 |
| 12 | 2,028 | 49.31 | 2,041 | 49.00 | 53 | 1,249 | 80.06 | 1,351 | 74.02 |
| 13 | 2,015 | 49.63 | 2,028 | 49.31 | 54 | 1,220 | 81.97 | 1,326 | 75.41 |
| 14 | 2,003 | 49.93 | 2,016 | 49.60 | 55 | 1,190 | 84.05 | 1,299 | 76.95 |
| 15 | 1,990 | 50.25 | 2,003 | 49.93 | 56 | 1,160 | 86.15 | 1,272 | 78.60 |
| 16 | 1,977 | 50.58 | 1,991 | 50.23 | 57 | 1,131 | 88.45 | 1,244 | 80.35 |
| 17 | 1,964 | 50.92 | 1,979 | 50.53 | 58 | 1,100 | 90.85 | 1,216 | 82.25 |
| 18 | 1,951 | 51.26 | 1,966 | 50.86 | 59 | 1,070 | 93.45 | 1,186 | 84.30 |
| 19 | 1,938 | 51.60 | 1,954 | 51.18 | 60 | 1,040 | 96.20 | 1,156 | 86.50 |
| 20 | 1,926 | 51.92 | 1,943 | 51.47 | 61 | 1,009 | 99.10 | 1,125 | 88.90 |
| 21 | 1,914 | 52.25 | 1,931 | 51.79 | 62 | 979 | 102.20 | 1,093 | 91.50 |
| 22 | 1,901 | 52.60 | 1,919 | 52.11 | 63 | 948 | 105.45 | 1,061 | 94.25 |
| 23 | 1,888 | 52.97 | 1,907 | 52.44 | 64 | 918 | 109.00 | 1,028 | 97.30 |
| 24 | 1,874 | 53.35 | 1,894 | 52.80 | 65 | 887 | 112.70 | 994 | 100.55 |
| 25 | 1,860 | 53.76 | 1,881 | 53.16 | 66 | 857 | 116.70 | 961 | 104.10 |
| 26 | 1,846 | 54.17 | 1,867 | 53.56 | 67 | 827 | 120.95 | 927 | 107.90 |
| 27 | 1,831 | 54.61 | 1,853 | 53.91 | 68 | 797 | 125.45 | 893 | 112.00 |
| 28 | 1,815 | 55.10 | 1,833 | 54.41 | 69 | 767 | 130.30 | 859 | 116.45 |
| 29 | 1,799 | 55.59 | 1,823 | 54.85 | 70 | 738 | 135.50 | 825 | 121.20 |
| 30 | 1,782 | 56.12 | 1,808 | 55.31 | 71 | 709 | 141.00 | 792 | 126.30 |
| 31 | 1,765 | 56.66 | 1,792 | 55.80 | 72 | 681 | 146.90 | 759 | 131.75 |
| 32 | 1,747 | 57.24 | 1,776 | 56.31 | 73 | 653 | 153.20 | 727 | 137.60 |
| 33 | 1,729 | 57.84 | 1,759 | 56.85 | 74 | 625 | 159.95 | 695 | 143.85 |
| 34 | 1,710 | 58.48 | 1,742 | 57.41 | 75 | 598 | 167.15 | 664 | 150.60 |
| 35 | 1,691 | 59.14 | 1,725 | 57.97 | 76 | 572 | 174.90 | 634 | 157.75 |
| 36 | 1,671 | 59.84 | 1,707 | 58.58 | 77 | 546 | 183.15 | 604 | 165.45 |
| 37 | 1,651 | 60.57 | 1,689 | 59.21 | 78 | 521 | 192.00 | 576 | 173.70 |
| 38 | 1,629 | 61.39 | 1,670 | 59.88 | 79 | 496 | 201.50 | 548 | 182.55 |
| 39 | 1,608 | 62.19 | 1,652 | 60.53 | 80 | 472 | 211.70 | 521 | 192.05 |
| 40 | 1,586 | 63.05 | 1,633 | 61.24 | 81 | 449 | 222.60 | 495 | 202.15 |
| 41 | 1,563 | 63.98 | 1,613 | 62.00 | 82 | 427 | 234.30 | 469 | 213.05 |
| 42 | 1,539 | 64.98 | 1,594 | 62.74 | 83 | 405 | 246.85 | 445 | 224.75 |
| 43 | 1,516 | 65.96 | 1,574 | 63.53 | 84 | 384 | 260.35 | 421 | 237.25 |
| 44 | 1,491 | 67.07 | 1,553 | 64.39 | 85 | 364 | 274.85 | 399 | 250.75 |
| 45 | 1,466 | 68.21 | 1,533 | 65.23 | | | | | |

LUMP SUM ANNUITY—EXAMPLE OF THE IMMEDIATE LAST SURVIVOR ANNUITY

A man's age is 66; his wife's, 62. Of course, they do not know how long either will live or which will live longer but they want to be assured of an income while they both live which will be continued after the death of one for the life of the survivor. This is called an immediate "Joint and survivor annuity,"—two-life annuity or a last-survivor annuity.

How much will it cost? Look down column marked "age of male" to age 66. Follow the dotted line across to the one headed 62 under age of female. The figure $1,243 represents the amount that the man would have to pay the Canadian Government now for a two-life annuity of $100 per year, payable in quarterly installments of $25 each, the first installment to start 3 months from now. An immediate two-life annuity of $200 or $300 per year will cost respectively 2 and 3 times as much or $2,486 and $3,729

*Cost of immediate last-survivor annuity of $100 payable in quarterly instalments of $25, first instalment to be paid 3 months after receipt of purchase money*

| Age of male | Age of female | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 |
| 45 | $1,836 | $1,825 | $1,813 | $1,801 | $1,789 | $1,777 | $1,765 | $1,753 | $1,742 | $1,730 | $1,719 | | | | | | | | | | | |
| 46 | 1,827 | 1,815 | 1,803 | 1,791 | 1,778 | 1,766 | 1,754 | 1,742 | 1,730 | 1,718 | 1,706 | $1,694 | | | | | | | | | | |
| 47 | 1,819 | 1,806 | 1,793 | 1,781 | 1,768 | 1,756 | 1,743 | 1,730 | 1,718 | 1,705 | 1,693 | 1,681 | $1,668 | | | | | | | | | |
| 48 | 1,810 | 1,797 | 1,784 | 1,771 | 1,758 | 1,745 | 1,732 | 1,719 | 1,706 | 1,693 | 1,680 | 1,667 | 1,655 | $1,642 | | | | | | | | |
| 49 | 1,801 | 1,788 | 1,775 | 1,762 | 1,748 | 1,735 | 1,721 | 1,708 | 1,695 | 1,681 | 1,668 | 1,655 | 1,641 | 1,628 | $1,615 | | | | | | | |
| 50 | 1,793 | 1,780 | 1,766 | 1,752 | 1,738 | 1,725 | 1,711 | 1,697 | 1,684 | 1,670 | 1,656 | 1,642 | 1,628 | 1,615 | 1,601 | $1,588 | | | | | | |
| 51 | | 1,771 | 1,757 | 1,743 | 1,729 | 1,715 | 1,701 | 1,687 | 1,672 | 1,658 | 1,644 | 1,629 | 1,615 | 1,601 | 1,587 | 1,573 | $1,559 | | | | | |
| 52 | | | 1,749 | 1,734 | 1,720 | 1,705 | 1,691 | 1,676 | 1,662 | 1,647 | 1,632 | 1,618 | 1,603 | 1,588 | 1,573 | 1,559 | 1,544 | $1,530 | | | | |
| 53 | | | | 1,725 | 1,711 | 1,696 | 1,681 | 1,666 | 1,651 | 1,636 | 1,621 | 1,606 | 1,590 | 1,575 | 1,560 | 1,545 | 1,530 | 1,515 | $1,500 | | | |
| 54 | | | | | 1,702 | 1,687 | 1,672 | 1,656 | 1,641 | 1,625 | 1,610 | 1,594 | 1,579 | 1,563 | 1,547 | 1,531 | 1,516 | 1,500 | 1,485 | $1,470 | | |
| 55 | | | | | | 1,678 | 1,662 | 1,647 | 1,631 | 1,615 | 1,599 | 1,583 | 1,567 | 1,551 | 1,534 | 1,518 | 1,502 | 1,485 | 1,469 | 1,454 | $1,438 | |
| 56 | | | | | | | 1,653 | 1,637 | 1,621 | 1,605 | 1,588 | 1,572 | 1,555 | 1,539 | 1,522 | 1,505 | 1,488 | 1,471 | 1,455 | 1,438 | 1,422 | $1,406 |
| 57 | | | | | | | | 1,628 | 1,612 | 1,595 | 1,579 | 1,562 | 1,544 | 1,527 | 1,510 | 1,493 | 1,476 | 1,458 | 1,441 | 1,424 | 1,407 | 1,390 |
| 58 | | | | | | | | | 1,603 | 1,586 | 1,569 | 1,551 | 1,534 | 1,516 | 1,498 | 1,481 | 1,463 | 1,445 | 1,427 | 1,409 | 1,391 | 1,374 |
| 59 | | | | | | | | | 1,595 | 1,577 | 1,560 | 1,542 | 1,524 | 1,506 | 1,487 | 1,469 | 1,451 | 1,432 | 1,414 | 1,395 | 1,377 | 1,359 |
| 60 | | | | | | | | | 1,586 | 1,568 | 1,550 | 1,532 | 1,514 | 1,496 | 1,477 | 1,457 | 1,439 | 1,420 | 1,401 | 1,382 | 1,362 | 1,344 |
| 61 | | | | | | | | | | 1,560 | 1,542 | 1,523 | 1,504 | 1,486 | 1,466 | 1,447 | 1,427 | 1,407 | 1,388 | 1,369 | 1,349 | 1,329 |
| 62 | | | | | | | | | | | 1,534 | 1,515 | 1,495 | 1,476 | 1,457 | 1,437 | 1,417 | 1,396 | 1,376 | 1,356 | 1,336 | 1,316 |
| 63 | | | | | | | | | | | | 1,507 | 1,487 | 1,467 | 1,447 | 1,427 | 1,406 | 1,386 | 1,364 | 1,344 | 1,323 | 1,302 |
| 64 | | | | | | | | | | | | | 1,479 | 1,459 | 1,438 | 1,417 | 1,396 | 1,375 | 1,354 | 1,332 | 1,311 | 1,289 |
| 65 | | | | | | | | | | | | | | 1,451 | 1,430 | 1,408 | 1,387 | 1,365 | 1,344 | 1,321 | 1,299 | 1,277 |
| 66 | | | | | | | | | | | | | | | 1,422 | 1,400 | 1,378 | 1,356 | 1,334 | 1,311 | 1,288 | 1,265 |
| 67 | | | | | | | | | | | | | | | | 1,392 | 1,370 | 1,347 | 1,324 | 1,301 | 1,278 | 1,255 |
| 68 | | | | | | | | | | | | | | | | | 1,362 | 1,339 | 1,315 | 1,292 | 1,268 | 1,244 |
| 69 | | | | | | | | | | | | | | | | | | 1,331 | 1,307 | 1,283 | 1,259 | 1,234 |
| 70 | | | | | | | | | | | | | | | | | | | 1,299 | 1,275 | 1,250 | 1,225 |
| 71 | | | | | | | | | | | | | | | | | | | | 1,267 | 1,242 | 1,216 |
| 72 | | | | | | | | | | | | | | | | | | | | | 1,234 | 1,208 |
| 73 | | | | | | | | | | | | | | | | | | | | | | 1,201 |
| 74 | | | | | | | | | | | | | | | | | | | | | | |
| 75 | | | | | | | | | | | | | | | | | | | | | | |
| 76 | | | | | | | | | | | | | | | | | | | | | | |
| 77 | | | | | | | | | | | | | | | | | | | | | | |
| 78 | | | | | | | | | | | | | | | | | | | | | | |
| 79 | | | | | | | | | | | | | | | | | | | | | | |
| 80 | | | | | | | | | | | | | | | | | | | | | | |

| Age of male | Age of female | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 |
| 45 | | | | | | | | | | | | | | | | | | | | | | |
| 46 | | | | | | | | | | | | | | | | | | | | | | |
| 47 | | | | | | | | | | | | | | | | | | | | | | |
| 48 | | | | | | | | | | | | | | | | | | | | | | |
| 49 | | | | | | | | | | | | | | | | | | | | | | |
| 50 | | | | | | | | | | | | | | | | | | | | | | |
| 51 | | | | | | | | | | | | | | | | | | | | | | |
| 52 | | | | | | | | | | | | | | | | | | | | | | |
| 53 | | | | | | | | | | | | | | | | | | | | | | |
| 54 | | | | | | | | | | | | | | | | | | | | | | |
| 55 | | | | | | | | | | | | | | | | | | | | | | |
| 56 | | | | | | | | | | | | | | | | | | | | | | |
| 57 | $1,374 | | | | | | | | | | | | | | | | | | | | | |
| 58 | 1,357 | $1,340 | | | | | | | | | | | | | | | | | | | | |
| 59 | 1,341 | 1,323 | $1,307 | | | | | | | | | | | | | | | | | | | |
| 60 | 1,325 | 1,307 | 1,290 | $1,272 | | | | | | | | | | | | | | | | | | |
| 61 | 1,310 | 1,291 | 1,273 | 1,255 | $1,237 | | | | | | | | | | | | | | | | | |
| 62 | 1,296 | 1,276 | 1,257 | 1,238 | 1,220 | $1,202 | | | | | | | | | | | | | | | | |
| 63 | 1,282 | 1,261 | 1,241 | 1,222 | 1,203 | 1,185 | $1,167 | | | | | | | | | | | | | | | |
| 64 | 1,268 | 1,247 | 1,126 | 1,206 | 1,186 | 1,167 | 1,149 | $1,131 | | | | | | | | | | | | | | |
| 65 | 1,255 | 1,234 | 1,212 | 1,191 | 1,171 | 1,151 | 1,132 | 1,113 | $1,096 | | | | | | | | | | | | | |
| 66 | 1,243 | 1,221 | 1,198 | 1,177 | 1,155 | 1,135 | 1,115 | 1,096 | 1,077 | $1,060 | | | | | | | | | | | | |
| 67 | 1,231 | 1,208 | 1,185 | 1,163 | 1,141 | 1,120 | 1,099 | 1,079 | 1,060 | 1,042 | $1,024 | | | | | | | | | | | |
| 68 | 1,220 | 1,196 | 1,173 | 1,150 | 1,127 | 1,105 | 1,083 | 1,063 | 1,043 | 1,024 | 1,006 | $989 | | | | | | | | | | |
| 69 | 1,210 | 1,185 | 1,161 | 1,137 | 1,114 | 1,091 | 1,069 | 1,047 | 1,027 | 1,007 | 988 | 970 | $953 | | | | | | | | | |
| 70 | 1,200 | 1,175 | 1,151 | 1,125 | 1,101 | 1,078 | 1,055 | 1,032 | 1,011 | 991 | 971 | 952 | 933 | $918 | | | | | | | | |
| 71 | 1,191 | 1,165 | 1,140 | 1,115 | 1,090 | 1,065 | 1,042 | 1,019 | 996 | 975 | 955 | 935 | 917 | 900 | $883 | | | | | | | |
| 72 | 1,182 | 1,156 | 1,130 | 1,104 | 1,079 | 1,054 | 1,029 | 1,005 | 982 | 960 | 939 | 919 | 900 | 882 | 865 | | | | | | | |
| 73 | 1,174 | 1,147 | 1,120 | 1,094 | 1,068 | 1,042 | 1,017 | 993 | 969 | 946 | 925 | 904 | 884 | 865 | 847 | | | | | | | |
| 74 | 1,166 | 1,139 | 1,112 | 1,085 | 1,058 | 1,032 | 1,006 | 981 | 957 | 933 | 911 | 889 | 869 | 849 | 830 | $813 | | | | | | |
| 75 | | 1,132 | 1,104 | 1,076 | 1,049 | 1,022 | 996 | 970 | 945 | 921 | 898 | 875 | 854 | 834 | 815 | 797 | $779 | | | | | |
| 76 | | | 1,097 | 1,069 | 1,041 | 1,013 | 986 | 960 | 934 | 910 | 885 | 862 | 840 | 819 | 800 | 781 | 763 | $746 | | | | |
| 77 | | | | 1,062 | 1,033 | 1,005 | 971 | 950 | 924 | 899 | 874 | 850 | 828 | 806 | 785 | 766 | 747 | 730 | $714 | | | |
| 78 | | | | | 1,026 | 997 | 969 | 942 | 915 | 889 | 863 | 839 | 816 | 793 | 772 | 752 | 733 | 715 | 698 | $682 | | |
| 79 | | | | | | 990 | 962 | 933 | 906 | 879 | 853 | 828 | 805 | 782 | 760 | 739 | 719 | 701 | 683 | 666 | $651 | |
| 80 | | | | | | | 955 | 926 | 898 | 871 | 844 | 819 | 794 | 771 | 748 | 727 | 706 | 687 | 669 | 652 | 636 | $621 |

*Rates for deferred last survivor annuities, plan "A", guaranteed 10 years*

[If both annuitants died at any time before the annuity fell due, all that they had paid in, with 4 percent compound interest, would be returned to their heirs. If both annuitants died after receiving one payment of annuity the Government would pay to their heirs $25 every 3 months until the whole of the $1,000 guaranteed had been paid. Annual payments required to be made for the purchase of a deferred annuity, guaranteed 10 years, of $100 on the joint lives of male and female, to commence when the male is aged 60.]

| Age of male | AGE OF FEMALE | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 |
| 25 | $19.53 | $19.28 | $19.04 | $18.80 | $18.56 | $18.32 | $18.08 | $17.86 | $17.63 | $17.42 | $17.21 | | | |
| 26 | 20.84 | 20.59 | 20.33 | 20.07 | 19.82 | 19.56 | 19.31 | 19.07 | 18.82 | 18.59 | 18.36 | $18.15 | | |
| 27 | 22.26 | 21.99 | 21.72 | 21.45 | 21.18 | 20.91 | 20.64 | 20.38 | 20.12 | 19.86 | 19.62 | 19.38 | $19.15 | |
| 28 | 23.79 | 23.51 | 23.22 | 22.94 | 22.65 | 22.36 | 22.08 | 21.80 | 21.52 | 21.24 | 20.97 | 20.71 | 20.46 | $20.22 |
| 29 | 25.44 | 25.14 | 24.84 | 24.54 | 24.24 | 23.94 | 23.64 | 23.33 | 23.04 | 22.74 | 22.45 | 22.17 | 21.89 | 21.62 |
| 30 | 27.22 | 26.91 | 26.60 | 26.28 | 25.96 | 25.64 | 25.32 | 25.00 | 24.68 | 24.37 | 24.06 | 23.75 | 23.45 | 23.16 |
| 31 | | 28.82 | 28.49 | 28.16 | 27.83 | 27.49 | 27.15 | 26.81 | 26.47 | 26.14 | 25.80 | 25.47 | 25.15 | 24.83 |
| 32 | | | 30.55 | 30.20 | 29.85 | 29.50 | 29.14 | 28.78 | 28.42 | 28.06 | 27.71 | 27.35 | 27.00 | 26.66 |
| 33 | | | | 32.42 | 32.05 | 31.68 | 31.30 | 30.92 | 30.54 | 30.16 | 29.78 | 29.40 | 29.03 | 28.66 |
| 34 | | | | | 34.45 | 34.06 | 33.66 | 33.26 | 32.86 | 32.45 | 32.05 | 31.65 | 31.24 | 30.84 |
| 35 | | | | | | 36.65 | 36.24 | 35.82 | 35.39 | 34.96 | 34.53 | 34.10 | 33.67 | 33.24 |
| 36 | | | | | | | 39.06 | 38.61 | 38.17 | 37.71 | 37.26 | 36.80 | 36.34 | 35.88 |
| 37 | | | | | | | | 41.69 | 41.21 | 40.73 | 40.25 | 39.76 | 39.27 | 38.79 |
| 38 | | | | | | | | | 44.57 | 44.07 | 43.55 | 43.04 | 42.52 | 41.99 |
| 39 | | | | | | | | | 48.29 | 47.75 | 47.21 | 46.66 | 46.10 | 45.55 |
| 40 | | | | | | | | | 52.42 | 51.84 | 51.26 | 50.68 | 50.09 | 49.50 |
| 41 | | | | | | | | | 57.02 | 56.41 | 55.79 | 55.16 | 54.54 | 53.90 |
| 42 | | | | | | | | | 62.17 | 61.52 | 60.87 | 60.20 | 59.52 | 58.85 |
| 43 | | | | | | | | | | 67.28 | 66.58 | 65.87 | 65.15 | 64.41 |
| 44 | | | | | | | | | | | 73.06 | 72.30 | 71.52 | 70.74 |
| 45 | | | | | | | | | | | | 79.63 | 78.80 | 77.95 |
| 46 | | | | | | | | | | | | | 87.16 | 86.26 |
| 47 | | | | | | | | | | | | | | |
| 48 | | | | | | | | | | | | | | |
| 49 | | | | | | | | | | | | | | |
| 50 | | | | | | | | | | | | | | |
| 51 | | | | | | | | | | | | | | |
| 52 | | | | | | | | | | | | | | |
| 53 | | | | | | | | | | | | | | |
| 54 | | | | | | | | | | | | | | |
| 55 | | | | | | | | | | | | | | |

| Age of male | AGE OF FEMALE | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 |
| 25 | | | | | | | | | | | | | | |
| 26 | | | | | | | | | | | | | | |
| 27 | | | | | | | | | | | | | | |
| 28 | | | | | | | | | | | | | | |
| 29 | $21.37 | | | | | | | | | | | | | |
| 30 | 22.87 | $22.60 | | | | | | | | | | | | |
| 31 | 24.52 | 24.22 | $23.93 | | | | | | | | | | | |
| 32 | 26.32 | 25.99 | 25.68 | $25.37 | | | | | | | | | | |
| 33 | 28.29 | 27.93 | 27.58 | 27.25 | $26.92 | | | | | | | | | |
| 34 | 30.45 | 30.06 | 29.68 | 29.31 | 28.95 | $28.61 | | | | | | | | |
| 35 | 32.82 | 32.40 | 31.98 | 31.58 | 31.19 | 30.81 | $30.44 | | | | | | | |
| 36 | 35.42 | 34.97 | 34.52 | 34.08 | 33.65 | 33.23 | 32.83 | $32.44 | | | | | | |
| 37 | 38.29 | 37.81 | 37.32 | 36.85 | 36.37 | 35.91 | 35.47 | 35.04 | $34.62 | | | | | |
| 38 | 41.47 | 40.94 | 40.42 | 39.90 | 39.40 | 38.89 | 38.40 | 37.92 | 37.46 | $37.02 | | | | |
| 39 | 44.98 | 44.42 | 43.86 | 43.30 | 42.75 | 42.20 | 41.66 | 41.14 | 40.63 | 40.13 | $39.65 | | | |
| 40 | 48.90 | 48.29 | 47.69 | 47.09 | 46.49 | 45.89 | 45.31 | 44.73 | 44.16 | 43.61 | 43.08 | $42.57 | | |
| 41 | 53.27 | 52.62 | 51.97 | 51.33 | 50.68 | 50.03 | 49.39 | 48.76 | 48.14 | 47.52 | 46.94 | 46.36 | $45.81 | |
| 42 | 58.16 | 57.47 | 56.78 | 56.08 | 55.38 | 54.68 | 53.98 | 53.29 | 52.61 | 51.94 | 51.28 | 50.64 | 50.03 | $49.43 |
| 43 | 63.68 | 62.94 | 62.20 | 61.44 | 60.69 | 59.93 | 59.17 | 58.42 | 57.67 | 56.94 | 56.21 | 55.49 | 54.81 | 54.14 |
| 44 | 69.94 | 69.15 | 68.34 | 67.54 | 66.72 | 65.89 | 65.07 | 64.25 | 63.43 | 62.62 | 61.82 | 61.03 | 60.26 | 59.51 |
| 45 | 77.10 | 76.23 | 75.37 | 74.49 | 73.61 | 72.72 | 71.82 | 70.93 | 70.03 | 69.14 | 68.25 | 67.38 | 66.52 | 65.68 |
| 46 | 85.33 | 84.40 | 83.45 | 82.50 | 81.54 | 80.58 | 79.60 | 78.62 | 77.64 | 76.66 | 75.68 | 74.71 | 73.76 | 72.82 |
| 47 | | | 92.85 | 91.81 | 90.77 | 89.71 | 88.65 | 87.57 | 86.49 | 85.42 | 84.34 | 83.26 | 82.19 | 81.15 |
| 48 | | | | 102.75 | 101.59 | 100.44 | 99.27 | 98.09 | 96.90 | 95.71 | 94.52 | 93.32 | 92.13 | 90.95 |
| 49 | | | | | 114.47 | 113.19 | 111.90 | 110.60 | 109.29 | 107.97 | 106.63 | 105.31 | 103.98 | 102.65 |
| 50 | | | | | | 128.59 | 127.14 | 125.70 | 124.24 | 122.76 | 121.28 | 119.78 | 118.29 | 116.80 |
| 51 | | | | | | | 145.88 | 144.24 | 142.61 | 140.95 | 139.28 | 137.59 | 135.89 | 134.20 |
| 52 | | | | | | | | 167.55 | 165.66 | 163.79 | 161.88 | 159.96 | 158.02 | 156.07 |
| 53 | | | | | | | | | 195.46 | 193.26 | 191.08 | 188.85 | 186.61 | 184.35 |
| 54 | | | | | | | | | | 232.75 | 230.13 | 227.53 | 224.88 | 222.21 |
| 55 | | | | | | | | | | | 285.03 | 281.83 | 278.63 | 275.39 |

| Age of male | AGE OF FEMALE | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 |
| 25 | | | | | | | | | | | | | |
| 26 | | | | | | | | | | | | | |
| 27 | | | | | | | | | | | | | |
| 28 | | | | | | | | | | | | | |
| 29 | | | | | | | | | | | | | |
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| 31 | | | | | | | | | | | | | |
| 32 | | | | | | | | | | | | | |
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| 38 | | | | | | | | | | | | | |
| 39 | | | | | | | | | | | | | |
| 40 | | | | | | | | | | | | | |
| 41 | | | | | | | | | | | | | |
| 42 | | | | | | | | | | | | | |
| 43 | $53.50 | | | | | | | | | | | | |
| 44 | 58.78 | $58.09 | | | | | | | | | | | |
| 45 | 64.86 | 64.07 | $63.31 | | | | | | | | | | |
| 46 | 71.89 | 71.00 | 70.14 | $69.30 | | | | | | | | | |
| 47 | 80.11 | 79.09 | 78.11 | 77.16 | $76.24 | | | | | | | | |
| 48 | 89.80 | 88.65 | 87.52 | 86.44 | 85.38 | $84.37 | | | | | | | |
| 49 | 101.33 | 100.05 | 98.76 | 97.51 | 96.30 | 95.13 | $94.00 | | | | | | |
| 50 | 115.31 | 113.83 | 112.38 | 110.94 | 109.53 | 108.18 | 106.86 | $105.59 | | | | | |
| 51 | 132.50 | 130.82 | 129.14 | 127.49 | 125.86 | 124.27 | 122.72 | 121.23 | $119.79 | | | | |
| 52 | 154.13 | 152.19 | 150.25 | 148.32 | 146.43 | 144.56 | 142.72 | 140.95 | 139.23 | $137.58 | | | |
| 53 | 182.08 | 179.81 | 177.54 | 175.28 | 173.08 | 170.83 | 168.64 | 166.50 | 164.44 | 162.43 | $160.50 | | |
| 54 | 219.52 | 216.81 | 214.12 | 211.41 | 208.72 | 206.04 | 203.42 | 200.81 | 198.26 | 195.80 | 193.42 | $191.12 | |
| 55 | 272.13 | 268.83 | 265.51 | 262.21 | 258.90 | 255.60 | 252.32 | 249.11 | 245.92 | 242.80 | 239.79 | 236.86 | $234.05 |

EXAMPLE OF THE DEFERRED LAST-SURVIVOR ANNUITY WITH 10-YEAR CERTAIN GUARANTEE

A man age 40 whose wife is 35 wants to be sure of an income which will start when he is 60 and be payable to himself and wife jointly until the death of one and then during the life of the survivor.

How much will it cost per year?

Look down column marked "age of male" to age 40; then follow dotted line across to column 35 under "age of female." The figure $48.29 is the amount he must deposit with the Government each year to obtain a 2-life annuity of $100 per year beginning when he is age 60.

If both he and his wife died before the annuity fell due, all that they had paid in with 4 percent compound interest would be returned to their heirs.

If both annuitants died after their income had started, the Government would continue paying to their heirs for the balance of 10 years or until a total of $1,000 had been paid.

This chart is similar to the one on the preceding page except that it shows cost of an annuity to start when the man is 65 instead of 60.

Using the 40 and 35 example it will be seen that the cost—$31.03 per year—is much lower than the $48.29 on the opposite page for two reasons: The man pays $31.03, 5 years longer than he pays the $48.29, and he and his wife will both be 5 years older when the income starts, which means that the Government will not have to pay them so long.

*Rates for deferred last survivor annuities, Plan "A", guaranteed 10 years*

[If both annuitants died at any time before the Annuity fell due, all that they had paid in, with 4 percent compound interest, would be returned to their heirs. If both annuitants died after receiving one payment of annuity the Government would pay to their heirs $25 every 3 months until the whole of the $1,000 guaranteed had been paid. Annual payments required to be made for the purchase of a deferred annuity, guaranteed 10 years, of $100 on the joint lives of male and female, to commence when the male is aged 65]

| Age of male | Age of female | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 |
| 30 | $16.74 | $16.49 | $16.24 | $16.00 | $15.78 | $15.56 | $15.36 | $15.17 | | | | | | | | | | | |
| 31 | 17.93 | 17.65 | 17.38 | 17.12 | 16.87 | 16.63 | 16.41 | 16.19 | $16.00 | | | | | | | | | | |
| 32 | 19.22 | 18.92 | 18.63 | 18.34 | 18.07 | 17.80 | 17.55 | 17.31 | 17.09 | $16.88 | | | | | | | | | |
| 33 | 20.61 | 20.29 | 19.98 | 19.67 | 19.37 | 19.08 | 18.80 | 18.53 | 18.28 | 18.04 | $17.82 | | | | | | | | |
| 34 | 22.12 | 21.78 | 21.44 | 21.11 | 20.79 | 20.47 | 20.16 | 19.87 | 19.59 | 19.32 | 19.07 | $18.83 | | | | | | | |
| 35 | 23.76 | 23.40 | 23.04 | 22.68 | 22.33 | 21.99 | 21.65 | 21.33 | 21.02 | 20.72 | 20.44 | 20.17 | $19.92 | | | | | | |
| 36 | 25.55 | 25.16 | 24.78 | 24.40 | 24.02 | 23.65 | 23.28 | 22.93 | 22.58 | 22.25 | 21.94 | 21.64 | 21.36 | $21.10 | | | | | |
| 37 | 27.49 | 27.08 | 26.67 | 26.27 | 25.86 | 25.46 | 25.07 | 24.68 | 24.30 | 23.94 | 23.59 | 23.26 | 22.94 | 22.64 | $22.36 | | | | |
| 38 | 29.60 | 29.17 | 28.74 | 28.31 | 27.88 | 27.45 | 27.02 | 26.60 | 26.19 | 25.79 | 25.41 | 25.03 | 24.68 | 24.34 | 24.03 | $23.73 | | | |
| 39 | | 31.45 | 30.99 | 30.54 | 30.08 | 29.62 | 29.17 | 28.71 | 28.27 | 27.83 | 27.41 | 27.00 | 26.60 | 26.22 | 25.87 | 25.53 | $25.22 | | |
| 40 | | | 33.46 | 32.98 | 32.49 | 32.00 | 31.52 | 31.03 | 30.55 | 30.08 | 29.61 | 29.16 | 28.72 | 28.30 | 27.90 | 27.52 | 27.16 | $26.83 | |
| 41 | | | | 35.66 | 35.14 | 34.62 | 34.10 | 33.58 | 33.07 | 32.55 | 32.05 | 31.55 | 31.07 | 30.61 | 30.16 | 29.73 | 29.33 | 28.95 | $28.59 |
| 42 | | | | | 38.06 | 37.51 | 36.95 | 36.40 | 35.84 | 35.29 | 34.74 | 34.21 | 33.68 | 33.16 | 32.67 | 32.19 | 31.73 | 31.30 | 30.89 |
| 43 | | | | | | 40.69 | 40.10 | 39.51 | 38.92 | 38.32 | 37.74 | 37.15 | 36.57 | 36.01 | 35.46 | 34.93 | 34.42 | 33.93 | 33.47 |
| 44 | | | | | | | 43.59 | 42.96 | 42.33 | 41.69 | 41.06 | 40.42 | 39.80 | 39.18 | 38.58 | 37.99 | 37.42 | 36.87 | 36.35 |
| 45 | | | | | | | | 46.80 | 46.12 | 45.44 | 44.76 | 44.08 | 43.40 | 42.72 | 42.06 | 41.41 | 40.78 | 40.17 | 39.58 |
| 46 | | | | | | | | | 50.36 | 49.63 | 48.90 | 48.17 | 47.43 | 46.70 | 45.98 | 45.27 | 44.57 | 43.89 | 43.23 |
| 47 | | | | | | | | | | 54.34 | 53.55 | 52.76 | 51.97 | 51.18 | 50.39 | 49.61 | 48.84 | 48.09 | 47.35 |
| 48 | | | | | | | | | | | 58.80 | 57.96 | 57.10 | 56.24 | 55.39 | 54.54 | 53.69 | 52.86 | 52.04 |
| 49 | | | | | | | | | | | | 63.85 | 62.93 | 62.00 | 61.07 | 60.14 | 59.22 | 58.29 | 57.39 |
| 50 | | | | | | | | | | | | | 69.59 | 68.59 | 67.58 | 66.56 | 65.55 | 64.54 | 63.54 |
| 51 | | | | | | | | | | | | | | 76.18 | 75.08 | 73.97 | 72.87 | 71.76 | 70.65 |
| 52 | | | | | | | | | | | | | | | 83.81 | 82.60 | 81.38 | 80.16 | 78.94 |
| 53 | | | | | | | | | | | | | | | | 92.74 | 91.40 | 90.05 | 88.70 |
| 54 | | | | | | | | | | | | | | | | | 103.33 | 101.84 | 100.33 |
| 55 | | | | | | | | | | | | | | | | | | 116.07 | 114.39 |
| 56 | | | | | | | | | | | | | | | | | | | 131.68 |
| 57 | | | | | | | | | | | | | | | | | | | |
| 58 | | | | | | | | | | | | | | | | | | | |
| 59 | | | | | | | | | | | | | | | | | | | |
| 60 | | | | | | | | | | | | | | | | | | | |

| Age of male | Age of female | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 |
| 30 | | | | | | | | | | | | | | | | | | | |
| 31 | | | | | | | | | | | | | | | | | | | |
| 32 | | | | | | | | | | | | | | | | | | | |
| 33 | | | | | | | | | | | | | | | | | | | |
| 34 | | | | | | | | | | | | | | | | | | | |
| 35 | | | | | | | | | | | | | | | | | | | |
| 36 | | | | | | | | | | | | | | | | | | | |
| 37 | | | | | | | | | | | | | | | | | | | |
| 38 | | | | | | | | | | | | | | | | | | | |
| 39 | | | | | | | | | | | | | | | | | | | |
| 40 | | | | | | | | | | | | | | | | | | | |
| 41 | | | | | | | | | | | | | | | | | | | |
| 42 | $30.52 | | | | | | | | | | | | | | | | | | |
| 43 | 33.03 | $32.63 | | | | | | | | | | | | | | | | | |
| 44 | 35.85 | 35.39 | $34.95 | | | | | | | | | | | | | | | | |
| 45 | 39.02 | 38.49 | 37.99 | $37.52 | | | | | | | | | | | | | | | |
| 46 | 42.60 | 41.99 | 41.42 | 40.88 | $40.38 | | | | | | | | | | | | | | |
| 47 | 46.64 | 45.96 | 45.31 | 44.70 | 44.11 | $43.57 | | | | | | | | | | | | | |
| 48 | 51.25 | 50.48 | 49.74 | 49.04 | 48.37 | 47.74 | $47.15 | | | | | | | | | | | | |
| 49 | 56.51 | 55.64 | 54.81 | 54.01 | 53.25 | 52.52 | 51.83 | $51.20 | | | | | | | | | | | |
| 50 | 62.55 | 61.59 | 60.65 | 59.74 | 58.87 | 58.03 | 57.24 | 56.50 | $55.80 | | | | | | | | | | |
| 51 | 69.55 | 68.48 | 67.42 | 66.39 | 65.40 | 64.44 | 63.53 | 62.66 | 61.85 | $61.09 | | | | | | | | | |
| 52 | 77.73 | 76.52 | 75.33 | 74.17 | 73.04 | 71.95 | 70.89 | 69.89 | 68.94 | 68.04 | $67.20 | | | | | | | | |
| 53 | 87.35 | 86.01 | 84.67 | 83.36 | 82.07 | 80.82 | 79.61 | 78.45 | 77.34 | 76.28 | 75.29 | $74.36 | | | | | | | |
| 54 | 98.83 | 97.32 | 95.83 | 94.34 | 92.87 | 91.44 | 90.05 | 88.70 | 87.40 | 86.16 | 84.99 | 83.88 | $82.85 | | | | | | |
| 55 | 112.70 | 111.01 | 109.32 | 107.64 | 105.97 | 104.33 | 102.72 | 101.15 | 99.64 | 98.18 | 96.79 | 95.47 | 94.22 | $93.07 | | | | | |
| 56 | 129.78 | 127.86 | 125.94 | 124.03 | 122.12 | 120.22 | 118.36 | 116.53 | 114.75 | 113.04 | 111.38 | 109.81 | 108.31 | 106.90 | $105.59 | | | | |
| 57 | 151.24 | 149.06 | 146.85 | 144.65 | 642.45 | 140.26 | 138.08 | 135.94 | 133.84 | 131.79 | 129.82 | 127.93 | 126.11 | 124.40 | 122.77 | $121.27 | | | |
| 58 | | 176.43 | 173.89 | 171.32 | 168.75 | 166.18 | 163.62 | 161.08 | 158.58 | 156.14 | 153.75 | 151.45 | 149.24 | 147.13 | 145.12 | 143.23 | $141.47 | | |
| 59 | | | 210.09 | 207.06 | 204.00 | 200.94 | 197.88 | 194.84 | 191.81 | 188.84 | 185.92 | 183.08 | 180.35 | 177.71 | 175.19 | 172.81 | 170.55 | $168.46 | |
| 60 | | | | 257.28 | 253.57 | 249.83 | 246.08 | 242.33 | 238.60 | 234.69 | 231.25 | 227.69 | 224.21 | 220.86 | 217.63 | 214.55 | 211.62 | 208.86 | $206.30 |

*Lump-sum payments required to purchase an annuity of $100 per year payable immediately of Canadian Government and American companies*

| Age | Canadian Government 4-percent basis | American companies 3½-percent basis, nonparticipating | Equitable Co. 3-percent basis, participating |
|---|---|---|---|
| 50 | $1,334 | $1,471.10 | $1,689.80 |
| 55 | 1,190 | 1,315.00 | 1,502.30 |
| 60 | 1,040 | 1,153.10 | 1,310.80 |
| 65 | 887 | 990.00 | 1,120.40 |
| 70 | 738 | 830.70 | 936.60 |

I am advised that the companies now felt constrained to withdraw their 3½ percent nonparticipating annuity contracts from motives of prudence; and that only the 3-percent annuities (last column) are now available. These are participating and, they hope, will yield dividends commensurate with the 3½ percent nonparticipating contracts hitherto available. The Bureau of the Budget has supplied me with the following data showing the average rates of interest paid by the Treasury on outstanding bonds.

| | Base amount of bonds outstanding | Annual interest charge | Annual average rate |
|---|---|---|---|
| | | | *Percent* |
| Dec. 31, 1932 | $14,222,970,490 | $541,408,000 | 3.806 |
| Dec. 31, 1933 | 15,569,120,180 | 589,998,000 | 3.789 |
| Dec. 31, 1934 | 16,245,192,550 | 573,357,000 | 3.529 |

The CHAIRMAN. We will take a recess until 2 o'clock.

(Whereupon, at 12:30 p. m., a recess was taken until 2 p. m. of the same day.)

AFTERNOON SESSION

The recess having expired, the committee reconvened at 2 p. m., Hon. Samuel B. Hill presiding.

Mr. HILL. We will hear Mr. M. L. Brown, of Columbus, Ohio.

Mr. Brown, will you please state your name and address and the capacity in which you appear?

## STATEMENT OF M. L. BROWN REPRESENTING THE OLD-AGE PENSION BUREAU OF OHIO, COLUMBUS, OHIO

Mr. BROWN. My name is M. L. Brown, of Columbus, Ohio. I am the State secretary of the Fraternal Order of Eagles and the present chief of the division of aid for the aged, in Columbus, Ohio.

By way of preliminary I want to say that I am not a doctor; I am not a lawyer; I am not an orator; I am not a welfare worker. Neither am I an economist. But I have been identified with old-age pensions since 1921 and with the efforts of the Fraternal Order of Eagles in enacting laws in 29 States of the Union.

I am not identified with any organization that has attempted to collect money or to promote the cause of old-age assistance.

I understand that there is a limit on the time of each witness?

Mr. HILL. Five minutes.

Mr. BROWN. I have prepared quite a lengthy statement that I would not be able to deliver in 5 minutes. I have prepared a good

deal of other information that I think members of this committee would like to have.

I am not here to sell the committee any particular idea, but I do believe that some of the information that we have accumulated in our experience in administering old-age pensions in Ohio in the last 10 months would be of interest to the committee.

Mr. JENKINS. Mr. Chairman, may I ask the witness this question?

Would it be satisfactory to you, Mr. Brown, if, after you have made your formal statement, you receive permission to add to your statement, edit it entirely, and extend it with such material as you may have? Would that be satisfactory to you?

Mr. BROWN. If it is satisfactory to the committee; yes.

Mr. HILL. Without objection, permission to extend his remarks is granted the witness.

Mr. BROWN. I should be more than pleased to present copies to each member of the committee of the information that I have prepared which they can, at their leisure, examine.

If my time is to be limited to 5 minutes, I would rather that members of the committee asked me some questions about the administration of the old-age pension law in the State of Ohio. I am sure that each member has certain ideas on which he wants information, concerning this old-age law, and if I went ahead on my own ideas I might be taking up your time without touching those points in which you are especially interested.

I shall be glad to submit these records to the committee and to answer any questions the committee may have at this time.

Mr. JENKINS. Mr. Chairman, I should like to state that Mr. Brown is the administrator of the old-age pension bureau in Ohio, as he has already stated.

Let me ask you this question, Mr. Brown. Is it not a fact that the Ohio system is probably the most modern, most up-to-date, of any of the old-age pension systems of the country?

Mr. BROWN. From our experience, we think it is.

Mr. JENKINS. You say you have been operating in Ohio for about 9 months?

Mr. BROWN. That is right, starting from about March 1.

Mr. JENKINS. What is the general feeling in Ohio, from your observation and the observation of your actuaries and assistants, as to the progress that you are making and as to the success of the pension law in Ohio?

Mr. BROWN. We believe that we are on a practical basis.

Mr. COOPER. Would you be kind enough to give us a few details of the provisions of your system; for instance, the amount of the benefits that are allowed, the test given as to qualifications, the age limit, and so on?

Mr. BROWN. I shall be very glad to do that. The age limit is 65. The law provides that any applicant who is otherwise eligible and who does not have an income of $300 a year is entitled to a maximum of $25 a month; that is, if he does not have any other income or any responsible relatives who, under the law, are chargeable with his support.

You see, there is a provision of our law that is quite a factor in the eligibility of an applicant. If there is a son or a daughter or a mother or a father who, under the law, is chargeable with the responsibility of

the support of this person, in the State of Ohio, that relative must take care of his parent. Under that system we can refuse applications for aid.

Mr. Cooper. About how many people in the State of Ohio are there who are over 65, if you can give us that figure?

Mr. Brown. 450,000.

Mr. Cooper. How many of those have qualified up to this time?

Mr. Brown. Let me put it this way. We have 110,000 applications on file. Thirty-eight thousand have already been approved and have been put on pension. The difference between that figure and 45,000 represents those that are in the making now. In other words, as to them there is an investigation going on either in the county offices or in the Columbus office. You see, we have 88 counties. Each county has an office, and there is a State office. The application goes to the investigator employed by the State, and then to the county board, who pass on it, and, if it is approved by the county board, it comes to the State office for inspection. If it is satisfactory, it is approved and the check is mailed.

In our experience, about 25 percent of the applicants have either withdrawn, have been denied the pension, or have died during the progress of the investigations.

Mr. Cooper. What is it costing your State now?

Mr. Brown. We estimate that we will spend $14,000,000 this year. We have an appropriation from the State now from January to July of $6,700,000.

Mr. Cooper. And you estimate that it will cost you $14,000,000 for the year?

Mr. Brown. With our present method of administration.

Mr. Cooper. For the year?

Mr. Brown. That is right. The average amount of award is approximately $15.

Mr. Cooper. Give us a little more information on that. You say there is a maximum of $25 allowed?

Mr. Brown. That is right.

Mr. Cooper. What is your minimum?

Mr. Brown. We do not have any minimum. It all depends on the income of the applicant.

Mr. Cooper. And the average is about $15?

Mr. Brown. The average is about $15. I think that is a little low, and in all probability we will be in a position to increase that slightly within the next 6 to 8 months. Our law provides that every year they must renew their application. That is because of a possible change in conditions.

Mr. Cooper. You say they have to renew the application every year?

Mr. Brown. That is correct. There might be illness or the recipient of aid might have received money in the interim, or it might be the other way around.

Mr. Cooper. Do you apply any qualification test other than age and dependency or the capacity to support oneself?

Mr. Brown. He has to be a citizen of the United States and a resident of the State of Ohio.

Mr. Cooper. For how many years?

Mr. Brown. A resident for 15 years. He must be a resident of the county for a year. Of course, he cannot have committed a crime, deserted his wife or his minor children.

Mr. Cooper. In other words, you apply certain rules that hold him to a high standard of respectability.

Mr. Brown. That is the reason that 25 percent of the applicants have had their applications denied or have withdrawn them or have been rejected because of other restrictions in the law.

Mr. Cooper. Would you be prepared to give us any estimate as to what this system will cost you the second year of operation?

Mr. Brown. Yes. We think it will run $14,000,000.

Mr. Cooper. I understood you to say that $14,000,000 was the cost estimated for the present year. Do you not expect some increase next year?

Mr. Brown. We will probably have to spend $2,000,000 more next year; $16,000,000.

Mr. Lewis. What is your population?

Mr. Brown. It is pretty close to 7,000,000.

Mr. Lewis. That is a little over $2 per capita.

Mr. Brown. That is right.

Mr. Hill. Is this pension paid wholly out of State funds?

Mr. Brown. That is correct.

Mr. Treadway. Mr. Brown, have you examined the provisions of H. R. 4120 and made a comparison of those with the law of your own State?

Mr. Brown. I do not know to what you refer, sir.

Mr. Treadway. The bill we are hearing is H. R. 4120. It is all laid out in this bill. What I would like to know is whether this is in any way similar in its provisions to what is in operation in the State of Ohio, which system you say is practical.

Mr. Brown. I cannot recall just what the section is, but I think your bill is somewhat similar.

Mr. Treadway. I am talking in general of old-age pensions, and those provisions are all set out elaborately in the bill.

So far as I know, you are the first witness who has been before the committee who is able to give us a practical illustration of the operation of a system such as the Government is now considering putting into operation. Therefore, I would like to get your views as to the similarity between the law which you say is working satisfactorily in your State and the provisions of title I of H. R. 4120.

Mr. Hill. Will the gentleman yield to me for a suggestion?

Mr. Treadway. Certainly.

Mr. Hill. The provisions of this bill, as the gentleman from Massachusetts recognizes, provide for a grant-in-aid to apply to any State law that complies with the provisions of the proposed statute here.

Mr. Treadway. But is it not true that the State law must comply with the Federal law?

Mr. Hill. That is hhat I say. It must meet the Federal provisions or requirements.

Mr. Treadway. So that there is a resemblance between what may be in operation in a State, for instance, the State of Ohio, and the provisions of this bill? In other words, put it this way, if you wish, Mr. Brown. What changes would be required in your State law to comply with the act proposed and which is now before us?

Mr. BROWN. That is exactly the reason I am here. The State law would have to comply with the regulations of the Federal Government.

Mr. TREADWAY. That is true, and that is the point on which I am making inquiry. You say your law is practical and working satisfactorily?

Mr. BROWN. That is correct.

Mr. TREADWAY. What changes will be required in your law if this bill is enacted into law?

Mr. BROWN. As a matter of fact, I do not think there is enough detail set out in this bill. I do not think the law is framed so that it would satisfy the members of this committee, for instance, the Members of Congress, as to just how the Administrator may proceed in the various States, and what the requirements are. In other words, there is too much authority given to the Administrator under this bill. It ought to be in greater detail as to just what you expect him to do.

Mr. COOPER. Will the gentleman yield right on that very point?

Mr. TREADWAY. Certainly.

Mr. COOPER. What I have in mind is this, Mr. Brown. Do you not think it is proper for a Federal law to contain provisions which are more or less general in their nature, and then allow these details to which you refer to be handled by the State, under the provisions of their own law?

Mr. BROWN. That is correct.

Mr. VINSON. Because you have got 48 States and it would be difficult to write into our law a proper yardstick for all of those 48 States.

Mr. COOPER. What would be a proper yardstick for one State would not be a proper yardstick for another.

Mr. BROWN. I recognize that.

Mr. COOPER. Therefore, to lay down certain more or less broad and general provisions in the Federal law and then allow the details that you mention to be included in the various State laws that would have to be enacted would seem the more logical way to do it.

Mr. BROWN. I recognize the position of the committee and of the Congress, but I do believe that the law can be strengthened just a little to satisfy the members of Congress that the law is going to be adminstered following a certain line of thought that you gentlemen have.

Mr. VINSON. Will the gentleman from Massachusetts yield to me?

Mr. TREADWAY. Yes; but I should like to ask another question before I retire.

Mr. VINSON. This is right on this point. Would you specify the suggestion you have in mind?

Mr. BROWN. As a matter of fact, who is eligible under this bill? What income shall he have? What will be the maximum amount of the award?

Mr. VINSON. Are there not certain qualifications specified?

Mr. BROWN. That is right.

Mr. VINSON. For instance, referring to page 3 of the bill, there are outlined certain qualifications. First, he must be a United States citizen and must have resided in the State for 5 years or more within the 10 years immediately preceding application for assistance; he must have an income which, when joined with the income of his

spouse, is inadequate to provide a reasonable subsistence compatible with decency and health. Then there is an age provision.

Now, what additions or changes would you make in those requirements?

Mr. Brown. To whom are you willing to give the authority to say what the reasonable amount of the income shall be?

Mr. Vinson. That is left to the State authority.

Mr. Cooper. Because what would be a reasonable amount in one State might not be considered so in another State.

Mr. Vinson. And what might be considered reasonable in one section might not be considered reasonable in another.

Mr. Brown. Would it be harmful to state a maximum? Do I understand that the committee favors a maximum of $30 a month?

Mr. Vinson. We do not limit the maximum to $30. Under this bill, the contribution of the Federal Government is limited to $15, and if the State wants to have a higher maximum than $30, of course, they may do so. But it seems to me that there is not a great deal of difference between your views and those qualifications that are contained in this bill.

Have you any other specifications you wish to present to us on that line?

Mr. Brown. I am fearful that unless you gentlemen of this committee make it just a little bit more definite, when this bill comes to the House, there may be greater and more objections than there are now.

And I am interested in seeing the bill passed. That is my purpose in being here.

I have gone into detail on some recommendations that I do not want to take you time to specify now. If you have any further questions, however, I shall be glad to attempt to answer them.

Then we have our actuary with us here and, if there is any question that I cannot answer, he has all our figures as to the average age, the number of people in the counties, and so forth. I think we can give you a pretty fair idea of what the operation is in Ohio.

Mr. Hill. Is this all set out in your written statement, Mr. Brown?

Mr. Brown. I think so.

Mr. Hill. Under the rules of the committee, you have permission to put that in the record.

Mr. Brown. Another thing that I attempted to do: I attempted to have a meeting of all the administrators of old-age security in these various States, so that they may have an opportunity to come down and meet with the members of the committee, and give their experience. I do not claim that we in Ohio can give you all the information there is on the subject, but I do think it would be helpful to the committee if the committee sees fit to invite, for instance, the commissioner from New York, and, perhaps, Michigan, and some of the States that have been operating under such a law. I think it would be of tremendous advantage to you in making up your minds as to the details on which you may not be at this time very clear.

Mr. Treadway. I want to offer the suggestion, in line with what I said previously, that I think it would be of great value, to some of us, at least, if you would compare the law under which you are now operating in the State of Ohio with the bill that is before us, in order to see how it would have to be changed to conform to the conditions

prescribed in H. R. 4120. It would be simply a comparison of certain paragraphs. This is a general proposition, but it requires compliance with its provisions. Now, what have you done in Ohio to comply with the provisions of this proposed act, if it is passed in the form in which it is presented here?

I think if you would extend your remarks in the record, without necessarily trying to answer that at this time, it will be helpful to some of us. I am sure it would be of some benefit to the committee.

Mr. Brown. I shall be very glad to do that.

Mr. Jenkins. May I say that before you came in, that matter was gone into.

I should now like to ask permission of the committee to insert in the record immediately following Mr. Brown's statement, a statement on which he and I will collaborate, to cover the questions that have been raised.

The Chairman. The Chair can see no objection to that, and the gentlemen has permission to file such statement for the record.

Mr. Brown. For instance, there are some property qualifications in our law that are not in the Federal law. I would be glad to furnish the committee a short brief on that, if you think it will be helpful.

Mr. Vinson. If I understood you, there are 450,000 persons in Ohio above the age of 65 years.

Mr. Brown. That is right.

Mr. Vinson. And there have been applications to the number of 110,000?

Mr. Brown. That is correct.

Mr. Vinson. That is approximately, in rough percentage, 25 percent?

Mr. Brown. That is right.

Mr. Vinson. In other words, 25 percent of those above the age limit have made application for these benefits?

Mr. Brown. That is right.

Mr. Vinson. And in the operation of this law, up to the present time, you have passed on and declared eligible for these benefits 38,000 people?

Mr. Brown. They are on the pay roll. Probably 45,000 will be accepted by the end of January.

Mr. Vinson. And 7,000 more are pending?

Mr. Brown. Yes, sir.

Mr. Vinson. That would make 45,000. Forty-five thousand, in rough percentage, would be 40 percent of those who have made application.

Mr. Brown. Yes, sir.

Mr. Vinson. Let us see what that percentage would be of the total number. It would be something like 10 percent of the total number of persons in Ohio above the age of 65.

Mr. Brown. I think that is right. You see, the balance of them we have not been able to investigate. We are gradually getting to them, at the rate of probably 8 to 9 thousand a month.

Mr. Cooper. I would like to ask Mr. Brown a few more practical questions about the administration of the law in Ohio. As I understand, you are the State administrator?

Mr. Brown. That is right.

Mr. COOPER. I understood you to state a moment ago that you have an administrator in each county of the State?

Mr. BROWN. That is right.

Mr. COOPER. Then you said something about a local committee. I did not quite catch that.

Mr. BROWN. We have 88 counties in the State. In each county there is a board that acts as the administrative board. Our representative, who is paid an administration allowance, makes the investigation. He makes a recommendation to the committee and unless the committee or the county board passes favorably on that, it never leaves their office. But if they do, it comes to Columbus.

Mr. COOPER. Is your county board and your county committee one and the same agency?

Mr. BROWN. No.

Mr. COOPER. Do you have a county board and a county committee, too?

Mr. BROWN. We have a county board and a county investigator in every county. In some of them we have 12 or 15, depending on the size of the county. A person goes to the office and makes application. It is referred to the investigator. The investigator completes his work and makes a recommendation to the county board. Unless the county board approve that application, it never leaves that office, it does not come to the State office.

Mr. COOPER. How many are on that county board?

Mr. BROWN. Usually 3, sometimes 5. We use the county commissioners in each county, if they agree to accept. If they do not, then it is the privilege of the director to appoint another committee of 3 or 5, whichever he sees fit.

Mr. COOPER. In addition to the county board and the county investigators, you say you have a county committee?

Mr. BROWN. No; you misunderstood me. I said "committee," but it is the county board that administers this law in that county. We call it the board for aid to the aged.

Mr. COOPER. I am still not quite clear on it, and probably it is my fault. You have an administrator in each county?

Mr. BROWN. Yes.

Mr. COOPER. That is one person, is it not?

Mr. BROWN. Yes.

Mr. COOPER. Then you have a county board.

Mr. BROWN. Yes.

Mr. COOPER. You say usually consisting of about three people?

Mr. BROWN. That is right.

Mr. COOPER. This county administrator, I assume, receives the application.

Mr. BROWN. That is right.

Mr. COOPER. And refers it to the investigator?

Mr. BROWN. No. In each county we have an office. The county administrator is in charge. He is on the pay roll of the State. Usually they have a clerk. The application is made direct to the county office. Then, after the application is made, it is referred to the investigator. The investigator complies with the instructions sent out from our office as to the procedure that he should follow. Then, after he completes his investigation, it goes to the county board. It is then up to the county board. The investigator is through after he has made his

investigation. The reason we have the county board is that usually the county boards know pretty nearly everybody in the county and they can either refuse to approve, hold it up, make their own personal investigation, so that there is no chance of politics or anything of that kind entering into that to bring about an unfair situation.

Then it comes into the State office. There we are supposed to see whether the investigator and the county board have done a good job with the investigation. If we think so, it is approved and the person then becomes the recipient of aid and he gets his check the following month.

Mr. COOPER. But when this report of the county board comes to the State administrator, you do not send out another investigator then, do you?

Mr. BROWN. No.

Mr. COOPER. Do you have any State board?

Mr. BROWN. No. The State is divided into districts. We have inspectors who go out. Some of them have as many as 6 or 7 counties. They counsel with the board, and the investigators, and so forth. When these applications come in, they are inspected there to see whether the investigator has done a good job. He has to make up his mind whether there are any responsible relatives, whether the person applying has property, and every bit of information of that kind which is necessary, so that he can satisfy himself, because he is responsible to us under bond.

Mr. JENKINS. Will the gentleman yield?

Mr. COOPER. Yes.

Mr. JENKINS. Also this is true, is it not, Mr. Brown? That in case there has been any fraud the State director can cancel the application?

Mr. BROWN. Yes. We can cancel or refuse to pay. They do not have any recourse in law at all.

Mr. COOPER. And the action of the State is final?

Mr. BROWN. The action of the State is final. They do have a right of appeal to the chief of the division. If the county board turns an applicant down, he may take it up and appeal his case to the chief of the State division. That is all. He has no right in court. No one can get into court with a claim. It is purely a gratuity, in other words.

Mr. REED. Mr. Brown, I notice that in your law, under section 2, paragraph (i), it reads:

> The net value, less all encumbrances and liens, of all real and personal property of such person does not exceed $3,000; or, if married, the net value of the combined property of husband and wife does not exceed $4,000—

As a practical proposition—and this is a problem that I have thought about a great deal—I wonder how you handle that. Here are people perhaps located in the cities or perhaps occupying an old homestead. Taxes are very high. How do you settle that matter of the taxes? How is that handled? Do they either have to sell out or get a cheaper place?

Mr. BROWN. I thought one of you gentlemen would ask me that question. That is one of the stumbling blocks that we have in our law. For instance, a person is property poor. Our limit is $25 a month. However, that percentage is very small, and there is nothing we can do except pay the maximum award.

However, if there is an equity in a property in excess of $500, we require them to turn that property in trust over to the State, and, during the 10 months of operation, we have taken about $2,500,000 worth of property in trust to the State of Ohio.

There are two reasons for that. One is to protect the State against some relatives who think that after they have the old man or the old woman taken care of, they will attempt to wiggle them out of their property. The other is to protect anyone else, who might have money coming to him from these people.

In other words, we are protecting the old man or the old woman so that they can stay in that property as long as they live.

We have had some complaints on that provision of our law. People do not think that they ought to be required to turn over property—well, most of the complaints do not come from the recipient of the aid or the applicant for the aid. They come from children and relatives who think that they ought to have theirs first.

In other words, after the State gets its money, then come the next of kin or whoever can qualify under the law receives the residue, but the State come first. I have not changed my mind about that, and believe it is the right thing to do. We know that the old man or the old woman is going to stay on that property until he or she dies.

Let me say this. We find a man who is a recipient of aid. He is, say, 70 years of age. He and his wife live together on a property. His wife is not a recipient of aid, on account of her age.

The policy of this division in Ohio is that she can live there up until the time she dies. That is before the State steps in. If she is otherwise eligible, when she becomes 65 years of age, she is also eligible for a pension.

Mr. Reed. Mr. Brown, let me say again that I have given serious study to this problem and, as you say, it is troublesome. So I was wondering just how you do meet that matter of taxes in Ohio.

Mr. Brown. We cannot meet it.

Mr. Reed. Then, under present conditions, they are really forced to sell out or let the property be sold at a tax sale?

Mr. Brown. We are attempting to give them as much relief as we possibly can under the law. Cases of this kind represent only a very small percentage of the total number. But they are hot ones, as you say. If we had the opportunity to increase the award in those cases, it would be fine, but under the law $25 is the limit, and there is nothing that we can do as yet.

Mr. Reed. Since taxes have been going up in many localities, due to local coditions, expenditures on relief, and so forth, it is a very serious problem and may become more serious.

Mr. Brown. I think the percentage is going to be very small.

Mr. Reed. I hope so.

Mr. Brown. I think it would be well for the committee to take that into consideration before they make their final decision on the bill.

Mr. Cooper. Does your county board receive any salaries?

Mr. Brown. No compensation. There is only one way in which they receive any money, and that is when it is necessary for them, when they live in a section of the county away from the county seat, to go to a meeting that is 12, 14, or 20 miles away. He has the right to put in a voucher for mileage at the rate of 4½ cents a mile to attend that meeting. Those are all the expenses they are allowed.

Mr. LEWIS. Mr. Chairman, before the witness leaves the stand—he is very well informed on the subject—you say that they have got to prove it at the end of each year?

Mr. BROWN. That is correct.

Mr. LEWIS. How do you handle that administratively? You have got 25,000 people on the rolls. Your agents have got 25,000 cases to go over every year. How do they handle it?

Mr. BROWN. I am glad to answer that. These people, many of them, got on the roll a short time ago—July or August, and so on. At any rate, 2 months before their expiration date, the applicant gets a notice suggesting reapplication, and the investigator goes out and reinvestigates that case, to see if there is a change of condition. Maybe the old gentleman has become ill and his pension ought to be increased; maybe he was willed some money and he does not need a pension. All of that enters into the question.

Mr. LEWIS. In other words, the apples do not all fall at the same time?

Mr. BROWN. Oh, no.

Mr. REED. Just one further thought on this question. Under the provisions of your State constitution, is it possible for your State to pass a law providing that people whose property is limited in value can get some rebate in their taxes until their condition changes—people who are in need of relief?

Mr. BROWN. I cannot answer that, sir. It is a mighty good thought. I am fearful that if you ever bring that question up, you are not going to do the best thing for aid to these aged people. I think it is a splendid thought; and if we had a law in Ohio whereby, when a person was approved for aid, he might be exempt from taxes, it would help.

Mr. REED. I mean under the old-age pension system.

Mr. BROWN. I do not know whether our constitution would permit that or not.

Mr. REED. Of course, it would tend to solve your difficulty, would it not?

Mr. BROWN. That is right. It is a good thought.

The CHAIRMAN. If there are no further questions, we thank you for the information you have given the committee, Mr. Brown, and you have permission to extend your remarks in the record.

Mr. BROWN. Thank you very much, gentlemen, for the time you have given me.

The data I wish to present is as follows:

### LAW TO PROVIDE FOR THE GRANTING OF AID TO AGED PERSONS IN THE STATE OF OHIO, UNDER CERTAIN CONDITIONS

*Enacted by the People of the State of Ohio:*

SECTION 1. Subject to the provisions of this act every person of the age of 65 years or more shall, while residing in the State of Ohio, if in need, be entitled to aid as hereinafter specified.

SEC. 2. No person shall be entitled to aid under this act unless he fulfills the following conditions:

(a) Has attained the age of 65 years or upwards;

(b) Is residing in Ohio; and has so resided continuously for not less than 15 years immediately prior to making application for aid; provided that continued residence in Ohio shall not be deemed to have been interrupted by occasional absences if the total of such absences does not exceed 3 years; or where the person has been absent from the State on official business of the State, or of the United States;

(c) Is a citizen of the United States, and has been such for at least 15 years immediately prior to making application for aid;

(d) Has been a resident of the county in which he makes application for not less than 1 year immediately prior to making such application;

(e) Is not an inmate of any penal or correctional institution or State hospital;

(f) Has not during the period of 15 years immediately prior to making such application, for a period of 6 months or more, if a husband, deserted his wife, or without just cause failed or neglected to maintain and provide for her or his child or children under the age of 15 years, or if a wife, deserted her husband or her child or children under the age of 15 years;

(g) His income from any and all sources does not exceed $300 per year;

(h) Is unable to support himself, and has no husband, wife, child, or other person who is able to support him and who is responsible by law for his support;

(i) The net value, less all encumbrances and liens, of all real and personal property of such person does not exceed $3,000; or, if married, the net value of the combined property of husband and wife does not exceed $4,000; and

(j) Has not directly or indirectly deprived himself of property or income in order to qualify for aid.

Sec. 3. The amount of aid payable to any person shall not exceed $25 per month, diminished by such an amount that the total income of such person from any and all sources, including such aid, shall not exceed $300 per year.

Sec. 4. If the applicant for or recipient of aid is married, the total amount of aid payable to the husband and wife shall not exceed $50 per month, diminished by such an amount that the combined income of both from any and all sources, including the aid payable to either or both shall not exceed $600 per year.

Sec. 5. In computing the annual income of an applicant for or recipient of aid, or the income of husband and wife together, under the provisions of this act, the annual income of any real or personal property (not including household goods, clothing, and other personal effects), which does not produce income or a reasonable income, shall be considered and computed as 5 percent of the net value of such property after deducting the amount of all encumbrances and liens thereon.

Sec. 6. If an applicant for or recipient of aid, or his or her spouse, is the owner of any interest in real or personal property, excepting household goods, clothing, and other personal effects, it may be required, as a condition precedent to the payment of aid or further aid, that he convey and transfer such property to the Division of Aid for the Aged (hereinafter created), in trust, subject to permission to the recipient of aid and his or her spouse to use or reside upon such property for life; and upon death of either, leaving wife or husband who is entitled to aid, the survivor likewise to be permitted to use or reside upon the said property for life; provided, however, that in all such cases such property shall be deemed to produce income as provided in section 5 hereof, and the aid granted shall be reduced accordingly, and all taxes and assessments on such property and all necessary expenses of keeping it in good condition and repair shall be paid by the persons using or residing upon it.

All property conveyed to the division in trust, upon the death of the person or persons entitled to use or reside upon such property as above provided, shall be sold by the division at public sale, and the proceeds applied in the following order: First, the costs of sale; second, all valid taxes and assessments which are a lien upon said property; third, repay to the Treasurer of State all amounts paid under this act to the person who conveyed or transferred the property to the division, and all such amounts paid to his or her spouse, with interest at 4 percent per annum; fourth, all other valid debts in order according to law; and the balance, if any, to be distributed to the heirs or other persons by law entitled thereto.

Provided, however, that upon request of a recipient of aid, or, after his death, of his surviving spouse, an heir, or other person lawfully entitled thereto, and when reimbursed to the full amount of aid paid and interest as aforesaid, the division shall reconvey or transfer the property to said person, surviving spouse, or/and heirs or other persons lawfully entitled thereto.

Sec. 7. Upon the death of a person, the total amount of aid paid to him under this act and to his or her spouse, with interest thereon at 4 percent per annum, shall be a debt of the estate of such deceased person; and it shall be the duty of the division to present claims to the administrator or executor, if any, to bring suits and to take any other proper action to secure reimbursement from the estate and property of such deceased person.

If upon the death of any person who has received aid under this act, or his or her spouse, it is found that he or she, or both of them, was possessed of property

in excess of what is allowed by law in respect to the amount of aid granted, there shall be a penalty or debt, in addition to that above provided for, against the estate of such deceased person in an amount equal to the total amount of aid paid in excess of that to which the recipient was by law entitled; and it shall be the duty of the division likewise to recover the same from the estate and property so found in excess.

SEC. 8. The following provisions shall apply in every case where a recipient of aid is being maintained in any charitable, fraternal, or benevolent home, hospital, or institution, either public or private, (but excluding penal and correctional institutions and State hospitals):

(*a*) The reasonable cost of such maintenance shall be paid out of the aid to which the individual is entitled under this act;

(*b*) For the purpose of making such payment, installments of the aid, to such extent as necessary, shall be paid to the governing body of the institution, and the balance, if any, to the person entitled to the aid.

SEC. 9. If any person receiving aid under this act is deemed to be unable to properly care for himself or to disburse the aid payable to him, is convicted of drunkenness or of an offense punishable by imprisonment, or misspends or wastes the aid paid to him, the same may be ordered paid to some suitable person for his benefit, or his certificate of aid may be suspended, modified, or canceled.

SEC. 10. Upon the death of a recipient of aid any monthly installment then accruing and not to exceed three additional monthly installments under his certificate of aid may be ordered paid to a proper person entitled thereto to defray burial expenses of such deceased person.

SEC. 11. For the purpose of administering the provisions of this act there is hereby created in the State department of public welfare a division of aid for the aged, herein referred to as the "division." The chief of the division shall be under the direct supervision and control of the director of public welfare, and shall be appointed by the director with the approval of the Governor. He shall be a person qualified by training and experience, and shall receive a salary of $4,800 per year. He shall appoint all necessary assistants, investigators, clerks, and other employees, and fix their duties and salaries, subject to the approval of the director of public welfare.

SEC. 12. In each county of the State there shall be a board of aid for the aged for the purpose of administering the provisions of this act, herein referred to as the "board". The county commissioners of each county shall constitute such board, except that upon the adoption of a resolution by a majority of the commissioners of any county, requesting the appointment of a separate board for said county, the chief of the division of aid for the aged, subject to the approval of the director of public welfare, shall appoint a board of aid for the aged for such county, consisting of either 3 or 5 citizens of such county. Upon the appointment, qualification, and organization of such appointed board the powers and duties under this act of the county commissioners of such county shall cease, and shall be vested in such new board. Each appointed member of such a board shall serve for a term expiring 2 years from the first day of July next after his appointment. The chief of the division with approval of the director shall fill all vacancies occurring in such appointive board, whether from expiration of term, death, resignation, or otherwise. Each appointed member of a board shall take an oath of office before entering upon the discharge of his duties, in accordance with section 3 of the general code. Each appointive board shall elect one of its members as chairman and one as secretary, each to serve for a term expiring 1 year from the first day of July next after election, or upon election and qualification of a successor.

SEC. 13. The members of the county boards, whether county commissioners or appointed, shall receive no compensation for their services, but in exceptional cases may be allowed expenses of traveling within their county, upon approval of the division.

SEC. 14. Applications for aid under this act shall be made yearly to the county boards. Each board shall cause all applications to be investigated. It may grant an application as originally made, or as modified as a result of its investigations, may postpone it for further evidence, or may reject it, as seems right and equitable.

As soon as an application is allowed by a board it shall execute a certificate of aid, signed by the chairman and secretary of the board, stating that the person named is entitled to aid under this act, the monthly amount to which he is entitled, his address, and any other data prescribed by the division. The board shall then forward such application or a copy thereof, such certificate, and a

report of its findings, or other information as may be required by the division, to the division. The division may approve, modify, or reject the certificate and findings of the board, which action shall be final, unless the division grant a rehearing or reconsideration. The division shall certify its action upon each claim to the respective county board, and shall certify also to the auditor of state every decision allowing, modifying, suspending, or canceling aid.

Any person aggrieved by an action of a board in rejecting, suspending, modifying, or canceling a certificate, or otherwise, may appeal to the division, in manner and under conditions prescribed by the division, and its decision thereon shall be final.

No certificate of aid shall be valid for a period longer than 1 year, a renewal certificate being necessary for each subsequent year. No certificate shall be valid unless duly approved and countersigned by the division.

Sec. 15. The division shall have the duty and authority to make rules and regulations governing applications for aid, certificates of aid, reports and records of the county boards, method of appeal from decisions of a board, appointment, qualifications, and salaries of investigators and other employees of the boards, and all other proceedings under this act; and to prescribe forms for applications, certificates, reports, records, and accounts of the boards, and other matters; and such rules and regulations, and all decisions and orders of the division, shall be binding upon all county boards.

Sec. 16. The county boards shall keep such records and make such reports as the division shall prescribe.

Each board shall have authority to employ, subject to approval by the division, such investigators, clerks, and other employees as are absolutely necessary for the performance of its duties under this act, and to fix the compensation of all employees, subject to approval by the division.

The salaries of employees, office supplies, and other necessary expenses of each county board, upon approval of vouchers therefor by the division, shall be paid by the treasurer of state, upon warrants drawn by the auditor of state, and in manner similar to that in which salaries and expenses of State departments are paid, and as prescribed by the auditor of state.

Sec. 17. Aid payable under this act shall be paid monthly by the treasurer of state upon warrants drawn by the auditor of state.

Sec. 18. If at any time the division or a board has reason to believe that any certificate of aid has been improperly obtained, it may cause a special inquiry to be made, and may suspend payment of aid pending the inquiry. If on inquiry it appears that the certificate was improperly obtained, it may cancel or modify the same; but if it appears that it was properly obtained, then the aid shall be immediately restored and all the suspended installments shall be due and payable at once.

Sec. 19. If at any time a recipient of aid under this act, or his or her wife or husband, becomes possessed of property or income in excess of what is allowed by this act in respect to the amount of aid granted to such recipient, the division or the respective board shall cancel or reduce the amount of aid accordingly; provided that if such excess of property or income cease, then the aid shall be restored or increased to the proper amount.

Sec. 20. In every case of suspension, modification or cancelation of a certificate by a board, it shall forthwith send to the division a notice thereof and the grounds therefor. The division shall immediately notify the auditor of state.

An action of a board in refusing, suspending, reducing, or canceling a certificate, or the amount of aid payable to a person, shall be effective at once, or at the time designated by the board, and shall not require approval by the division; but all orders of boards allowing, renewing, reinstating, or increasing a certificate or the amount of aid payable, shall not be effective unless and until approved by the division.

Orders as to payments under sections 8, 9, and 10 of this act shall be made by the boards, in accordance with regulations of the division, and subject to approval by the division.

Sec. 21. The division and the boards shall not be bound by common law or statutory rules of evidence, or by technical or formal rules or procedure, but shall make investigations in such manner as seems best calculated to conform to substantial justice and the spirit of this act.

Sec. 22. For the purpose of their investigations, the division and each board shall have power to compel the attendance and testimony of witnesses, and the production of books and papers, either before the chief of the division, a board, or a deputy appointed by either; but no person shall be compelled to attend at a

place outside the county in which he resides or is found. Every witness shall be examined upon oath, which may be administered by a member of a board, the chief of the division, or a deputy of either.

In case of refusal of a witness to attend or testify, or to produce book or papers, as to any matter regarding which he might be lawfully interrogated, the court of common pleas of the county in which the person resides or is found, or a judge thereof, upon application of the board concerned or the division, shall compel obedience by proceedings as for contempt as in case of like refusal to obey a similar order of the court.

Sec. 23. If the division or a board finds that any fraudulent misrepresentation has been made by an applicant with the intention of obtaining aid to which he was not by law entitled, or a higher rate of aid than that to which he was entitled, then in addition to any other penalty under this act it may refuse his application or cancel his certificate of aid, and may by order declare that such person shall not be entitled to make a new application for a period not exceeding 6 months from the date of the order.

Sec. 24. Any person who, by means of a false statement, or representation, or by impersonation, or any other fraudulent device whatever, obtains or attempts to obtain, for himself or any other person, old age aid to which such person is not entitled or a larger amount of aid than that to which he is entitled, or who knowingly buys, sells, or disposes of, or aids or abets in buying, selling, or disposing of property, in order to qualify a person for aid, or who knowingly violates any other provision of this act, shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not more than $500 or by imprisonment for nor more than 6 months, or both.

Sec. 25. Wherever in this act a masculine pronoun is used it shall be held to include the femine also.

Wherever in this act the word "husband", "wife", "spouse" or "married person" is used, or such relationship is referred to, it shall not be deemed to include married persons who are separated or are living apart pursuant to a decree or order of divorce or separation by a court of competent jurisdiction.

Sec. 26. All rights to aid under this act shall be inalienable whether by way of assignment, charge, or otherwise, and exempt from execution, attachment, garnishment, and other process.

Sec. 27. Aid granted under this act and certificates of aid shall be deemed to be granted and held subject to the provisions of any amending or repealing acts that may hereafter be passed; there shall be no vested right or interest in such aid; and no beneficiary hereunder shall have any claim by reason of his aid being reduced or terminated by any amending or repealing act.

Sec. 28. The general assembly shall provide necessary and adequate funds for the carrying out of the provisions of this act by appropriations from the general revenue fund of the State or other fund or funds available for the purpose, by allocation of part or all of certain taxes, licenses, fees or other revenues, or by other means.

Sec. 29. This act shall be liberally construed to accomplish the purposes thereof. Nothing herein shall be construed as repealing any other act or part of an act providing for the support of the poor except insofar as plainly inconsistent herewith, and the provisions of this act shall be construed as an additional method of supporting and providing for the aged poor.

Sec. 30. The several sections and provisions of this act are declared to be separate and independent sections and provisions, and the holding of any section or part thereof to be unconstitutional or void shall not affect the validity of the remainder of this act.

I, George S. Myers, secretary of State of the State of Ohio, hereby certify that the foregoing is a true and correct copy of the law proposed by initiative and initiative supplementary petition and submitted to the electors of Ohio at the general election held on the 7th day of November 1933, and that said proposed law was approved by a majority of the electors voting thereon at said election and was, therefore, adopted.

George S. Myers,
*Secretary of State.*

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Questionnaire on the Laws Granting Aid to Aged Persons in Ohio

1. How old must a person be to be eligible for aid under this law?—Sixty-five years.

2. Are all persons of 65 years or over eligible for aid?—No. Only under certain conditions.

3. What are those conditions?—Such persons must be in need and unable to maintain themselves and must not have any children or other persons able to support them who are legally responsible under the laws of Ohio for their support.

4. What relatives are legally responsible?—Adult children for the support of their parents; husbands for the support of their wives, and wives, insofar as they are able to assist in the support of their husbands if they are unable to support themselves.

5. What other persons are responsible for support?—Guardians, trustees, and all others upon whom the duty of support has been laid by law.

6. Must a person be a citizen of the United States to be eligible?—Yes; must have been a citizen for at least 15 years immediately prior to filing application.

7. What other residence requirements must be complied with?—A person must be residing in Ohio at the time application is made and must have been a resident of the State continuously for the last 15 years immediately preceding the date of application and have resided in the county for not less than 1 year immediately prior thereto.

8. What constitutes continuous residence?—Uninterrupted residence will not be deemed to have been interrupted by occasional periods of absence from the State if the total of such periods of absence do not exceed 3 years, or where the person has been absent from the State on official business of the State or of the United States.

9. How much income may a person have and still be eligible to aid?—Not exceeding $300 from any and all sources.

10. Is every person, who has attained the age of 65 years, who has an income not exceeding $300, eligible to aid?—Yes; provided they fulfill all the other requirements as to citizenship, residence, nonsupport by a relative, etc., as set forth in the law.

11. What is the amount of aid payable?—The maximum is $25 per month per person, but in no case shall the aid and total income from all other sources exceed that amount.

12. How is the amount of aid determined?—By the county board of aid for the aged in each county of the State.

13. How and when is aid payable?—By State warrants drawn by the auditor of State, monthly for a period of 1 year.

14. Must a new application be made very year?—Yes.

15. Are funeral expenses also paid?—Yes. If the applicant's estate is insufficient, the county board of aid for the aged may, with the approval of the division, order paid to the proper person any accrued monthly installments and not to exceed 3 additional installments.

16. If applicant is married, are both husband and wife eligible to aid?—Yes. The amount of aid payable shall not exceed $50 per month, diminished by such an amount that the combined income of both from any and all sources, including the aid payable to either or both, shall not exceed $600 per year.

17. Does desertion or nonsupport of wife or husband or children disqualify applicant?—Yes. Desertion of a wife by her husband, or of a husband by his wife, or of children under age of 15 years by either husband or wife, or nonsupport by a husband of his wife or children for a period of 6 months or more within previous 15 years disqualifies applicant.

18. How much property does a person have to own to be totally disqualified from receiving aid?—Property, both real and personal, whose net value, after deduction of all incumbrances and liens, exceeds $3,000 for a single person, and $4,000 net value of combined property of husband and wife, if married.

19. If applicant owns property which does not produce any income or a reasonable income, how is the income of such property figured in computing the income of the applicant?—The annual income shall be computed at 5 percent of the net value of such property after deduction of the amount of all incumbrances and liens.

20. How is the value of the property determined?—According to the taxable valuation.

21. Must an applicant who owns property transfer same to the division of aid for the aged in order to qualify himself for aid?—The division may require an applicant to convey such property to it in trust, subject to applicant's right to reside upon such property or use it for life, and upon the death of either, leaving wife or husband who is entitled to aid, the survivor shall be permitted to use or reside upon said proprety for life, and provided also that such property shall be deemed to produce income at the rate of 5 percent per annum, and the aid reduced accordingly, all taxes and assessments on such property and all necessary expenses

of keeping it in good condition and repair shall be paid by the person residing upon it.

22. May such property be reconveyed or transferred back to the recipient of aid?—Yes; upon request and reimbursement of the full amount of aid paid and 4 percent per annum interest on said amount.

23. Upon the death of a recipient of aid, is the amount of aid received by deceased recoverable by the State?—Yes; if the deceased has an estate, the total amount of aid paid to him, plus 4 percent interest, shall become a debt of his estate.

24. Is an inmate of a charitable, fraternal or benevolent home, hospital, or institution, either public or private, eligible to aid?—Yes. The reasonable cost of such maintenance shall be paid to the governing body of the institution out of the aid to which such individual is entitled; and the balance, if any, shall be paid to the person entitled.

25. Is an inmate of any penal or correctional institution or State hospital eligible to aid?—No.

26. What is the penalty for fraudulent misrepresentation made for the purpose of securing aid?—The certificate of aid may be refused or canceled, and such person may be declared not entitled to make a new application for a period not exceeding 6 months.

27. Are there any other penalties provided for false statements or fraud?—Yes. Fine of not more than $500 or imprisonment for not more than 6 months, or both.

28. To whom should application for aid be made?—To the local county board of aid for the aged.

29. Where may application blanks and information concerning the law be secured?—At the office of the local county board of aid for the aged.

30. Must application be sworn to?—Yes; before notary public.

31. Is the decision of the county board of aid in rejecting or canceling a certificate final?—No. Any person aggrieved by such action may appeal to the division, and its decision thereon shall be final.

32. Is any fee required for filing an application?—No.

33. Are payments of aid subject to execution, attachment, garnishment, or other process?—No.

34. Can recipient of aid assign or sell his right to aid?—No.

35. Must an applicant who owns an insurance policy assign same to the State before he can receive aid?—The law provides that he may be required to assign same to the division of aid for the aged as a condition precedent to the payment of aid.

## STATEMENT OF M. L. BROWN, CHIEF OF DIVISION OF AID FOR AGED OF OHIO DEPARTMENT OF WELFARE (OLD-AGE-PENSION DEPARTMENT), COLUMBUS, OHIO

Ohio's old-age-pension law was enacted by the voters of the State at the polls under the provisions of the initiative and referendum in our State constitution. Its enactment was brought about directly by the Fraternal Order of Eagles in the State, assisted by the State Federation of Labor and other groups interested in social legislation. I had the honor to conduct the campaign for the law at the polls.

While the law was not passed in Ohio until 1933, the citizens of the State, through the efforts of the Eagles and other organizations, had been interested in old-age pensions for years before that. We submitted it to a vote in 1922, but it was defeated. Subsequently we sought action several times in the State legislature but without success. Then finally, in 1933, we submitted the proposal again to a vote of the people, and it passed by nearly one million votes majority, the first law of its kind in the United States to be passed by a vote of the people. And I am happy to state that during that campaign one of the biggest aids we had in winning votes for old-age pensions was a letter from President Franklin D. Roosevelt approving of the principle of old-age assistance.

Administration of the pension law in Ohio has been placed on a sound basis in less than a year's time. The chief of the division of aid

for the aged was appointed last March. Funds to pay pensions was provided starting in July. Since then we have created the entire division, consisting of a central office in Columbus and 88 other offices in the 88 counties of the State, as called for in the law, to receive applications for aid, drafted application forms, and other necessary papers to carry on the work, trained the personnel for the various offices, received 106,000 applications from all over the State for pensions, and investigated all of them. Today we have about 45,000 persons on the rolls to receive monthly pension checks and between 20,000 and 30,000 more who are awaiting final adjustment or approval of their applications. Our monthly pension pay roll now is about $625,000 and will be $1,000,000 by April 1. We limit our pensions by law to not more than $25 a month. The average pension is in the neighborhood of $15. The Ohio pension law is a mandatory one, and all pensions are paid from the State treasury, which system, I have found, is the best. Under the optional pension law as it exists in many States, you will find that there is a strong tendency to do nothing about the law so long as the cost is divided between the State and the counties. The counties find it hard to raise their share of the money, and the benefits of the law are not available to the entire State. In Ohio every county is on an equal footing, with pensions provided for all in their borders who can qualify for aid.

Qualifications for pensions set up in the Ohio law are practically the same as those in the H. R. 4142 by Mr. Lewis now pending before the Congress. Our age limit is 65. We require that an applicant shall have been a resident of the State at least 15 years continously prior to receiving aid. We bar criminals and those who have refused to support their families. Applicants with property pledge their property to indemnify the State for their pensions after their death, the State having a first lien on the property. The law, is as its title says, an act to give aid to the aged under certain conditions.

Ohio, I believe, is a State which has elements peculiar to every part of our country. We have about 6 million population. We have some of the biggest manufacturing centers in the country within our borders, and our agricultural areas are extensive and the crops diversified. We have metropolitan centers, such as Cleveland and Cincinnati, and we have our exclusively rural districts. We have a mining district. We have a backwoods area. We have extensive colonies of every nationality making up our citizenry. Therefore, with such a diversification of interests and population, I believe you gentlemen have in Ohio, with its pension law so closely parralleling the provisions of the one you are studying, an excellent practical laboratory in which you can see how the proposed national old-age-pension law would operate all over the United States.

My opinion, based on years of study and practical experience in administering the law in Ohio, is that the proposed national law is a step in the right direction. The Ohio law, while fulfilling the need which brought about its enactment—the furnishing of aid to those in dire need—is only a good beginning. It takes care of the most needy cases. But we have found that there are many cases near the border line, in which we were unable to give aid because of the law's restrictions, in which the need is also great. They constitute a problem pressing for solution also.

The only way that I see now to expand our pension system to take care of all the deserving needy who are clamoring for its protection

is to supplement the present set-up with an annuity system. Under this plan, regular contributions would be made to an annuity pension fund during the productive years of a man or woman's life, and then when they have to retire they can get benefits from the fund in proportion to their contributions, supplemented by regular payments from the Government.

Old-age pensions this year will cost the State of Ohio about $12,000,000. The cost will keep increasing as our population grows. Under the proposed Federal law, all of our pensioners can qualify, and thus, if the law is passed, Ohio will be able to shift half its pension pay roll to the United States Government. This cost to the Federal Government with the present pay roll would be about $6,000,000 a year, or about $1 a year for each resident of the State.

Our cost of administration in Ohio has been exceptionally low. Up to date, including the cost of furnishing and equipping all of our 88 county offices and the central office, it has been approximately 10 percent of the amount we have paid in pensions. With the first-year rush of applications out of the way now, and our permanent equipment all purchased, this cost should be reduced materially.

The Ohio law, which, as I have said before closely parallels your proposed Federal law, is a product of the people themselves. It was not sponsored by any political party, and the campaign was conducted solely by a citizens' committee which included members from all over the State interested in social legislation to cure the ills of the times. We turned down all offers of help from professional promoters and "uplifters". Because of these facts, and in consideration of the fact that this is the only old-age pension law in the country today which was passed by the people themselves at the polls, I believe the Ohio old-age pension law is a real expression of the sincere desires of the American people as to what they want in the line of old-age pension legislation. It is logical, not too expensive, and it works. It is not too radical. It takes care of those really in need. It is the culmination of the fight for the last three decades of the Fraternal Order of Eagles, led by Frank E. Hering, of South Bend, Ind.; and Conrad H. Mann, of Kansas City, Mo., pioneers in old-age pension legislation in this country, for a really workable State pension law. These men and our organization have been responsible for passage of pension laws in 28 States, but none of these laws, I believe, is as good as the Ohio law, or the law you gentlemen are considering.

*Summary of division of aid for aged activities to Dec. 31, 1934*

| | Status of applications | |
|---|---|---|
| | Oct. 20, 1934 | Dec. 31, 1934 |
| Total applications filed in county offices | 104,052 | 106,841 |
| Completed and forwarded to central office | 28,428 | 54,563 |
| Completed but still in county office | 3,553 | 2,370 |
| Died before investigation completed | 1,010 | 2,194 |
| Withdrawn and denied | 7,634 | 14,340 |
| Applications in county office being actively investigated | 22,418 | 14,544 |
| Applications filed that have not received attention | 41,009 | 18,830 |

| | |
|---|---|
| Completed applications received at the State office in— | |
| September | 9,923 |
| October | 12,440 |
| November | 9,748 |
| December | 8,476 |

| | Number of recipients of aid | Amount of aid paid |
|---|---|---|
| September | 11,720 | $161,276.79 |
| October | 18,232 | 255,045.29 |
| November | 27,086 | 384,550.29 |
| December (estimate) | 37,000 | 525,000.00 |
| Total aid paid to Dec. 31, 1934 | | 903,923.25 |
| Estimated payment for month of December | | 525,000.00 |
| Total administrative cost Dec. 31, 1934 | | 212,969.44 |

| | |
|---|---|
| Estimated number on rolls: | |
| January 1935 | 45,000 |
| December 1935 | 76,766 |
| Estimated total cost of aid for 1935 | $12,000,000.00 |
| Estimated total cost of administration for 1935 | 850,000.00 |

SUGGESTED RECOMMENDATIONS BASED ON EXPERIENCE GAINED FROM SUPERVISING OHIO AID FOR AGED LAW

Minimum amount of monthly pension recommended for aged persons to assure a reasonable degree of comfort:

$25 per month in urban centers, $21 per month in semiurban centers, $18 per month in rural sections.

As little interference as possible in manner of living of aged persons whose habits and physical condition are normally sound but an occasional friendly contact by some one who makes no effort to rehabilitate their lives but who has a sympathetic understanding of their alleged and real problems.

The establishment of a maximum yearly income a person must have before being able to qualify for an old age pension; suggested amount $360.

Inasmuch as the primary purpose of pensions is to banish fear of dependancy and the "going to the poor house", one of the primary phases of an old age pension program should insure peace of mind as well as security of the aged. A provision should be provided that would permit the person concerned to live in the same environment as before, rather than to be institutionalized if their personal habits and physical condition make it practical.

The following are the major provisions of the Ohio aid for the aged law as compared with the Doughton bill 4120.

| The Ohio law | House Resolution 4120 |
|---|---|
| Sec. 2 (a). Has attained the age of 65 years or upwards. | Page 4, line 8. Is 65 years or older. |
| Sec. 2 (b). Is residing in Ohio, and has so resided continuously for 15 years immediately prior to making application for aid; provided that continued residence in Ohio shall not be deemed to have been interrupted by occasional absences if the total of such absences does not exceed 3 years; or where the person has been absent from the State on official business of the State or the United States. | Page 4, lines 1–3. Has resided in the State for 5 years or more within the 10 years immediately preceding application for assistance. |
| Sec. 2 (c). Is a citizen of the United States and has been such for at least 15 years immediately prior to making application for aid. | Page 3, line 23. Is a United States citizen. |
| Sec. 2 (d). Has been a resident of the county in which he makes application for not less than 1 year immediately prior to making such application. | Page 2, line 11. (Subject to administrator's approval.) |

| The Ohio law | House Resolution 4120 |
|---|---|
| Sec. 2 (e). Is not an inmate of any penal or correctional institution or State hospital. | Page 2, lines 23–24. At the time of receiving such financial assistance are not inmates of public or other charitable institutions. |
| Sec. 2 (f). Has not during the period of 15 years immediately prior to making such application, for a period of 6 months or more, if a husband, deserted his wife, or without just cause failed or neglected to maintain and provide for her or his child or children under the age of 15 years, or if a wife, deserted her husband or her child or children under the age of 15 years. | No provision. |
| Sec. 2 (g). His income from any and all sources does not exceed $300 per year. | No maximum income provision. |
| Sec. 2 (h). Is unable to support himself, and has no husband, wife, child, or other person who is able to support him and who is responsible by law for his support. | No provision. |
| Sec. 2 (i). The net value, less all encumbrances and liens, of all real and personal property of such person does not exceed $3,000; or, if married, the net value of the combined property of husband and wife does not exceed $4,000. | No maximum for property holdings. |
| Sec. 2 (j). Has not directly or indirectly deprived himself of property or income in order to qualify for aid. | No provision. |
| Sec. 3. The amount of aid payable to any person shall not exceed $25 per month, diminished by such an amount that the total income of such person from any and all sources, including such aid, shall not exceed $300 per year. | Page 7, lines 23, 24; page 8, lines 1–3. That no such installment shall exceed one-half of the amounts expended in such State, in the quarter immediately preceding the payment of such installment for the payment of old-age assistance, nor shall it exceed $15 a month per person. |
| Secs. 6 and 7. (Complete-property transfer clause.) Sec. 6. If an applicant for or recipient of aid, or his or her spouse, is the owner of any interest in real or personal property, excepting household goods, clothing and other personal effects, it may be required, as a condition precedent to the payment of aid or further aid, that he convey and transfer such property to the Division of Aid for the Aged (hereinafter created), in trust, subject to permission to the recipient of aid and his or her spouse to use or reside upon such property for life; and upon death of either, leaving wife or husband who is entitled to aid, the survivor likewise to be permitted to use or reside upon the said property for life; *Provided however*, That in all such cases such property shall be deemed to produce income as provided in section 5 hereof, and the aid granted shall be reduced accordingly, and all taxes and assessments on such property and all necessary expenses of keeping it in good condition and repair shall be paid by the persons using or residing upon it. | |

The Ohio law

All property conveyed to the Division in trust, upon the death of the person or persons entitled to use or reside upon such property as above provided, shall be sold by the Division at public sale, and the proceeds applied in the following order: First, the costs of sale; second, all valid taxes and assessments which are a lien upon said property; third, repay to the Treasurer of State all amounts paid under this act to the person who conveyed or transferred the property to the Division, and all such amounts paid to his or her spouse, with interest at four per centum per annum; fourth, all other valid debts in order according to law; and the balance, if any, to be distributed to the heirs or other persons by law entitled thereto.

*Provided, however,* That upon request of a recipient of aid, or, after his death, of his surviving spouse, an heir, or other person lawfully entitled thereto, and when reimbursed to the full amount of aid paid and interest as aforesaid, the Division shall reconvey or transfer the property to said person, surviving spouse, or/and heirs or other persons lawfully entitled thereto.

Sec. 7. Upon the death of a person, the total amount of aid paid to him under this act and to his or her spouse, with interest thereon at 4 per centum per annum, shall be a debt of the estate of such deceased person; and it shall be the duty of the Division to present claims to the administrator or executor, if any, to bring suits and to take any other proper action to secure reimbursement from the estate and property of such deceased person.

If upon the death of any person who has received aid under this act, or his or her spouse, it is found that he or she, or both of them, was possessed of property in excess of what is allowed by law in respect to the amount of aid granted, there shall be a penalty or debt, in addition to that above provided for, against the estate of such deceased person in an amount equal to the total amount of aid paid in excess of that to which the recipient was by law entitled; and it shall be the duty of the Division likewise to recover the same from the estate and property so found in excess.

House Resolution 4120

| The Ohio Law | House Resolution 4120 |
| --- | --- |
| Page 4, sec. 4 (f) (complete). (4) Is 65 years of age or older: *Provided*, That until January 1, 1940, but not thereafter, assistance may be denied to otherwise eligible persons who are less than 70 years of age; and<br>(f) Provides that so much of the sum paid as assistance to any aged recipient as represents the share of the United States Government in such assistance shall be a lien on the estate of the aged recipient which, upon his death, shall be enforced by the State, and that the net amount realized by the enforcement of such lien shall be deemed to be part of the State's allotment from the United States Government for the year in which such lien was enforced: *Provided*, That no such lien shall be enforced against any real estate of the recipient while it is occupied by the recipient's surviving spouse, if the latter is not more than 15 years younger than the recipient, and does not marry again. | |
| SEC. 10. Upon the death of a recipient of aid any monthly installment then accruing, and not to exceed three additional monthly installments under his certificate of aid, may be ordered paid to a proper person entitled thereto to defray the burial expenses of such deceased person. | No provision. |

From the above comparison it will be observed that the Ohio law conforms to H. R. 4120 in practically all provisions. It does furnish additional safeguards in several of its provisions to taxpayers and recipients of aid. These safeguards do not conflict, however, with the proposed Federal law.

Section 6 is the only provision of the Ohio law which would need to be amended to comply with section 4 (f), page 4, of H. R. 4120.

Section 28 of the Ohio law makes it mandatory upon the general assembly to provide necessary funds: $3,000,000 was appropriated from the general fund for payment of aid in 1934; $150,000 was also appropriated from the same fund for administration. At the special session of the general assembly in November 1934, $700,000 was appropriated for payment of aid in January, and $125,000 was appropriated for payment of administrative costs during December and January; both of these appropriations coming from the general fund. This same special session appropriated $6,000,000 for the payment of aid for the first 6 months of 1935, these moneys to come from the general sales tax. The regular session of the general assembly now in session has appropriated $375,000 for administrative purposes during the period from February 1 to July 1, 1935. This sum is to come from the general sales tax.

We respectfully submit this comparison and recommendations for the committee's consideration.

*Property transfers*

TOTAL OF PROPERTY TRANSFERRED AS OF JAN. 29, 1935

| | Number of cases | Value of property | Average value per case |
|---|---|---|---|
| Personal property | 298 | $148, 165. 87 | $497. 20 |
| Real property | 636 | 702, 653. 46 | 1, 104. 80 |
| Total | 934 | 850, 819. 33 | |

PROPERTY IN THE PROCESS OF BEING TRANSFERRED IN TRUST

| | Number of cases | Value of property | Average value per case |
|---|---|---|---|
| Personal property | 842 | $386, 204. 77 | $458. 68 |
| Real property | 1, 426 | 1, 964, 341. 76 | 1, 375. 34 |
| Total | 2, 268 | 2, 350, 546. 53 | |

Six percent have property; 8 percent have insurance of $100.

*Payments of aid in Ohio during 1934*

| Month | Number of recipients | Payments of aid | Administrative cost |
|---|---|---|---|
| July | 1, 100 | $13, 996. 59 | $18, 374. 67 |
| August | 6, 600 | 124, 527. 69 | 23, 190. 67 |
| September | 11, 720 | 161, 276. 79 | 33, 435. 86 |
| October | 18, 232 | 255, 045. 29 | 32, 998. 06 |
| November | 27, 086 | 384, 550. 29 | 31, 386. 18 |
| December | 36, 543 | 527, 910. 54 | 43, 516. 28 |
| Total | | 1, 467, 307. 19 | 182, 901. 72 |

*Estimates of the maximum probable cost of the proposed old-age assistance law (H. R. 4120) based upon the Ohio experience and assuming all States take advantage of the law as soon as possible*

STATE-WIDE MANDATORY

| State | Average award paid by National Government | Population over 65 | Estimated total number recipients | 1935 cost | 1936 cost |
|---|---|---|---|---|---|
| Arizona | $9 | 15, 768 | 4, 700 | $180, 000 | $507, 600 |
| California | 10 | 366, 125 | 100, 000 | 4, 000, 000 | 12, 000, 000 |
| Colorado | 9 | 61, 787 | 18, 000 | 600, 000 | 1, 944, 000 |
| Delaware | 11 | 16, 673 | 4, 900 | 210, 000 | 642, 800 |
| Idaho | 9 | 22, 310 | 6, 900 | 248, 000 | 745, 200 |
| Indiana | 10 | 232, 787 | 70, 000 | 2, 800, 000 | 8, 400, 000 |
| Iowa | 9 | 184, 239 | 57, 000 | 2, 000, 000 | 6, 156, 000 |
| Maine | 10 | 69, 010 | 20, 000 | 800, 000 | 2, 400, 000 |
| Massachusetts | 11 | 274, 195 | 87, 000 | 3, 800, 000 | 11, 484, 000 |
| Michigan | 10 | 254, 891 | 80, 000 | 3, 200, 000 | 9, 600, 000 |
| Minnesota | 9 | 163, 480 | 51, 000 | 1, 800, 000 | 5, 508, 000 |
| Nebraska | 9 | 86, 194 | 26, 000 | 900, 000 | 2, 808, 000 |
| New Hampshire | 10 | 41, 560 | 12, 000 | 480, 000 | 1, 440, 000 |
| New Jersey | 11 | 201, 046 | 60, 000 | 2, 700, 000 | 7, 920, 000 |
| New York | 12 | 667, 325 | 190, 000 | 9, 000, 000 | 27, 360, 000 |
| North Dakota | 9 | 30, 286 | 9, 000 | 300, 000 | 972, 000 |
| Ohio | 10 | 414, 836 | 110, 000 | 4, 500, 000 | 13, 200, 000 |
| Oregon | 9 | 67, 332 | 20, 000 | 700, 000 | 2, 160, 000 |
| Pennsylvania | 11 | 508, 278 | 140, 000 | 6, 000, 000 | 18, 480, 000 |
| Washington | 9 | 101, 503 | 30, 000 | 1, 200, 000 | 3, 240, 000 |
| Wyoming | 9 | 8, 707 | 2, 500 | 90, 000 | 270, 000 |
| Wisconsin | 9 | 192, 059 | 58, 000 | 2, 000, 000 | 6, 264, 000 |

COUNTY OPTIONAL

| State | Average award | Population over 65 | Estimated total number recipients | 1935 cost | 1936 cost |
|---|---|---|---|---|---|
| Kentucky | $8 | 142, 122 | 45, 000 | $850, 000 | $4, 320, 000 |
| Maryland | 9 | 92, 972 | 30, 000 | 600, 000 | 3, 240, 000 |
| Montana | 9 | 26, 700 | 8, 500 | 200, 000 | 918, 000 |
| Nevada | 9 | 4, 814 | 1, 600 | 40, 000 | 172, 800 |
| Utah | 9 | 22, 665 | 7, 100 | 150, 000 | 766, 800 |
| West Virginia | 9 | 73, 073 | 24, 000 | 500, 000 | 2, 592, 000 |

STATES WITH NO SYSTEM AT THE PRESENT TIME

| State | Average award | Population over 65 | Estimated total number recipients of aid, 1936 | 1935 cost | 1936 cost |
|---|---|---|---|---|---|
| Vermont | $10 | 31, 253 | 5, 000 | $100, 000 | $480, 000 |
| Rhode Island | 11 | 39, 953 | 6, 500 | 130, 000 | 702, 000 |
| Connecticut | 11 | 93, 319 | 15, 000 | 300, 000 | 1, 620, 000 |
| Illinois | 10 | 421, 073 | 70, 000 | 1, 400, 000 | 6, 720, 000 |
| Missouri | 9 | 244, 525 | 40, 000 | 800, 000 | 3, 600, 000 |
| South Dakota | 9 | 36, 915 | 6, 000 | 120, 000 | 540, 000 |
| Kansas | 9 | 129, 468 | 22, 000 | 440, 000 | 1, 980, 000 |
| Washington, D. C | 11 | 27, 253 | 4, 500 | 90, 000 | 486, 000 |
| Virginia | 8 | 116, 678 | 18, 000 | 360, 000 | 1, 296, 000 |
| North Carolina | 8 | 115, 671 | 18, 000 | 360, 000 | 1, 296, 000 |
| South Carolina | 8 | 57, 164 | 8, 500 | 170, 000 | 612, 000 |
| Georgia | 8 | 113, 278 | 17, 000 | 340, 000 | 1, 224, 000 |
| Florida | 8 | 71, 202 | 12, 000 | 240, 000 | 864, 000 |
| Tennessee | 8 | 119, 045 | 19, 000 | 380, 000 | 1, 368, 000 |
| Alabama | 8 | 99, 240 | 17, 000 | 340, 000 | 1, 224, 000 |
| Mississippi | 8 | 77, 343 | 13, 000 | 260, 000 | 936, 000 |
| Arkansas | 8 | 75, 600 | 13, 000 | 260, 000 | 936, 000 |
| Louisiana | 8 | 75, 850 | 13, 000 | 260, 000 | 936, 000 |
| Oklahoma | 8 | 96, 888 | 15, 000 | 300, 000 | 1, 080, 000 |
| Texas | 8 | 232, 459 | 40, 000 | 800, 000 | 2, 880, 000 |
| New Mexico | 9 | 16, 825 | 2, 500 | 50, 000 | 225, 000 |

SUMMARY

| | Population over 65 | Estimated number of recipients, 1936 | 1935 cost | 1936 cost |
|---|---|---|---|---|
| 20 States and District of Columbia with no law | 2, 291, 002 | 375, 000 | $7, 500, 000 | $31, 005, 000 |
| 6 States with county law | 362, 346 | 116, 200 | 3, 190, 000 | 12, 009, 600 |
| 22 States with mandatory State law | 3, 980, 390 | 1, 157, 000 | 47, 508, 000 | 143, 505, 600 |
| Total | 6, 633, 738 | 1, 648, 200 | 58, 198, 000 | 186, 520, 200 |

## Notes on the Operation of Ohio Law Granting Aid to the Aged

During the 7 months during which aid for the aged has been granted in the State of Ohio certain matters have become clearly evidenced as stated below:

In the larger States, such aid should be under the supervision and control of a central authority, with a director having ample power to select a staff of office employees and traveling supervisors. Such a plan of organization is necessary to obtain uniform treatment of applicants for aid throughout the State; to check the work of local investigators and determine the efficiency of the latter; to establish effective methods for preventing concealment of income and property; to prevent diversion of awards from those receiving same to chiseling children and relatives; to see that responsible relatives able to provide in whole or in part for the care of parents in need, are doing this to a proper extent.

For it should be clearly understood that any noncontributory method for providing aid to the needy should embody a "needs" test, to the end that the aid granted will be sufficient for a plain, but not luxurious, standard of living based upon previous environment and living conditions; sources from which food, clothing, and other necessaries have been obtained and the probability that similar conditions will continue. The health of the applicant and needs for medical treatment at present or in the near future are important elements for consideration.

The possession of real or personal property has an important influence on the determination of the amount of the award to be granted. To the extent that an applicant has property, the "need" for aid is modified. If any property was liquid (cash in bank, bonds, etc.) there would be no immediate need, and no aid should be granted until such property had been used for living expenses, except in the few cases where cash in bank was being held to cover expenses of a surgical operation or other exceptional requirement.

When property is in the form of real estate, deposit in a frozen bank, or stock or bonds, with no present salable value, the problem is that of conversion to usable income. In the State of Ohio this is done by transfer in trust of such property and the granting of an award, which action is equivalent to a sale on the installment-payment plan. Owing to the cost of handling some types of property, exemption of transfer can well be made when the value of real property does not exceed $500 and personal property, including life insurance, does not exceed $100 or $200. Cases of excessive amounts of life insurance, with heavy weekly premium expense, are not uncommon and the use of a considerable part of an award to meet life-insurance costs for excessive insurance is plainly improper.

The transfer of such property is very desirable to prevent chiseling by impecunious children, cases being frequent, where, when an award has been granted parents, children try to have life-insurance policies surrendered for the cash value that they may use the money so obtained.

The transfer of property exceeding a stated amount is, therefore, simply conserving it, and applying it to the needs of the aged.

Such transfer of property and the granting of an adequate award would appear much more suitable than the restrictions found in the recently modified laws of Great Britain, which excempt property not over £25 ($125) and reduce the award approximately $11.50 per year for each additional £25 of property owned.

A limit to the maximum amount that may be granted is very advisable (with possibly provision for medical or other exceptional requirements) and $30 per month would seem to be such maximum.

The other conditions of elegibility as expressed in the Ohio law have been found to be reasonable, and no hardships are being created that have come to the attention of the State office.

It should be kept in mind that a noncontributory plan involves a constantly increasing annual cost to the State, with an eventual tax burden that would be beyond the amount that could be equitably apportioned. An ultimate contributory plan will be necessary, but the amount to be granted should be kept at an amount that will provide only for adequate living costs, if the contributions are to be within the ability of those in the lower income brackets.

The Chairman. The next witness is Dr. Thomas Parran, State health officer of New York State, of New York City. Dr. Parran, will you please come forward and give the stenographer your name and address?

## STATEMENT OF DR. THOMAS PARRAN, STATE HEALTH COMMISSIONER OF THE STATE OF NEW YORK; CHAIRMAN OF THE EXECUTIVE BOARD OF THE AMERICAN PUBLIC HEALTH ASSOCIATION

The Chairman. Dr. Parran, will you proceed, now, under the 5-minute rule, unless the time is extended by the committee? In the event you are unable to complete your main statement in that time and it would not be satisfactory to extend your remarks in the record, the committee can by their own action extend your time.

Dr. Parran. Thank you, Mr. Chairman. I think 5 minutes may be ample. My name is Thomas Parran.

Mr. TREADWAY. I suggest, Mr. Chairman, you allow him 10 minutes to start with, and see how he gets along.

The CHAIRMAN. Would 5 minutes be sufficient?

Dr. PARRAN. I think so.

The CHAIRMAN. You may proceed.

Dr. PARRAN. Mr. Chairman, members of the committee, I am State Health commissioner of New York State. In addition, I happen to be the chairman of the executive board of the American Public Health Association. That association is the one professional society of the public-health workers of this country. I wish to appear here in both capacities, supporting the public-health provisions of the Economic Security Act.

The American Public Health Association on several occasions has gone on record as approving and petitioning the Congress and the President to include Federal assistance to the States in developing their public-health work. Moreover, Mr. Chairman, New York State is in need of the public-health provisions of this bill.

Ill health is a considerable factor in making for the insecurity of people and in disrupting homes and families. Careful estimates seem to show that the group of the population in this country having incomes of less than $2,500 per year spend each year on account of sickness, for medical services of all types, about 1½ billion dollars. Obviously all of that disease cannot be prevented, but it does seem quite sound and reasonable to include in any program of economic security adequate provision for preventing and minimizing so far as possible that one hazard to economic security, namely, ill health.

Mr. Chairman, differing from some other provisions of this bill, the principles outlined are very simple and easy of administration. Precedents have been established by previous acts of the Congress which outlined the method under which the Federal agencies cooperate with States in their public-health programs. I should like to mention a few of the needs which we have in our State, and which would seem most appropriate to be embraced within a program such as this.

In the first place, many of our cities, as you know, are overwhelmed with the problem of unemployment relief, and as a result have of necessity reduced their public-health appropriations, simply because there was not enough money to go around. The result has been that on the whole the municipalities of New York State—and I include the counties in that term—have reduced their appropriations by about 20 percent. So far as I can ascertain from studies carried out all over the country, it appears that the amount which is to be appropriated under the public-health provisions of this act represent only about half of the decrease in public appropriations for public-health services during the past 4 or 5 years, and so the amounts are not excessive.

Another point I should like to make is that the total commitment of the Federal Government in respect to this problem is small as compared with the amounts of money necessary to put into effect other aspects of the social-security program. There are several respects in which we are sure that the hazard to economic security can be reduced and lessened by the application of well-known principles in the prevention and treatment of disease. Let me cite a well-known example, tuberculosis among dependent children. The larger proportion of them are dependent because the parent has died of tuber-

culosis, a preventable disease, a disease in which the death rate has been cut in half in the past 20 years; and all of the scientific evidence points to the possibility of again cutting it in half.

There is another disease which takes a huge economic toll each year, and that is syphilis, one of the most prevalent of diseases. Conservatively estimated, about one-half million new cases occur in this country each year. In New York State we have some 55,000 people in our mental hospitals. Ten percent of all admissions to those mental hospitals are there on account of the end result of a preventable disease—a disease in which we know the number of cases can be markedly reduced if adequate medical measures are applied in the treatment of cases, and the control of those infectious diseases in the same manner that we now seek to control smallpox.

Another provision of this bill, Mr. Chairman, to which I should like to refer, which is of particular interest, I think, to all State health authorities, is the provision under title VIII, to allow additional investigations into public-health matters to be carried out by the Federal Public Health Service. I think it is easily understood that many of our States are faced with comparable problems. We have many problems needing study in relation to the pollution of our streams. More effective ways of safeguarding our water supplies, with prevention of many industrial diseases, are problems which exist not only in New York but in many other States. As a result it would be quite uneconomic for each State to set out and try to study these separate problems itself. It is most important, it seems to me, to include the provisions which are in this bill, to permit more extended investigations by the Public Health Service of various types of health problems. We have had small assistance heretofore; small because the resources of the Public Health Service have been limited. In studying the problem of undulant fever, which is quite prevalent in our State, we hope those studies can be extended, and that assistance can be given in many other directions in studying more effective ways of getting at these problems of disease, the problem of tuberculosis. We need more studies as to the cause and means of prevention of cancer. We need studies in the whole field of disease prevention; and there are now, I am told, problems urgently demanding attention by the Public Health Service, which can be taken up under this bill.

The CHAIRMAN. Right in that connection, Doctor, has there been any advance made in regard to the prevention of cancer?

Dr. PARRAN. I am sorry to say that our progress in that direction, Mr. Chairman, has been very slow. We know many more facts about cancer than we did 10 years ago, but I do not see in sight any one cure or any one means of prevention.

The CHAIRMAN. I am sure that is true as to the cure. It was the matter of prevention that I had mainly in mind.

Dr. PARRAN. We do know, sir, that many cases can be cured if taken early. The State of New York was the first governmental unit in the world to appropriate funds for the study of cancer. We operate one of the largest cancer research centers in the country as a matter of fact, our State Cancer Institution in Buffalo. That and other cancer institutions are extending fundamental knowledge of cancer. By no means have we arrived at any cure, but we do know, sir, that if patients are treated early many forms of cancer can be cured. We are curing them of it.

The CHAIRMAN. Has the medical profession ever arrived at an opinion as to whether cancer is either contagious or infectious?

Dr. PARRAN. The weight of the evidence seems to show it is neither contagious nor infectious.

The CHAIRMAN. Your time is up.

Mr. TREADWAY. Have you a cancer hospital? I understood you to say you had a cancer clinic, a research bureau, or something of that kind.

Dr. PARRAN. We have a research institute with only about 40 beds, intended primarily to enable studies of clinical cases to be conducted.

Mr. TREADWAY. You have no general hospital, then especially for the treatment of cancer?

Dr. PARRAN. Not operated by the State; no.

Mr. TREADWAY. Just one inquiry, Mr. Chairman.

You said that you favored the public health feature of this bill, based as I understand you, on the needs of New York State. Is that correct?

Dr. PARRAN. I was speaking, sir, both as to the needs of our State, and as to the needs of the whole country.

Mr. TREADWAY. I appreciate that, but you are directing your attention particularly to New York State, naturally?

Dr. PARRAN. I have been.

Mr. TREADWAY. Is that a need for advice and assistance on the educational side, or the financial side, to which you are referring?

Dr. PARRAN. It is a need for both, Mr. Chairman.

Mr. TREADWAY. New York State needs, then, the Federal Government's assistance in the care of the public health of its people?

Dr. PARRAN. It needs the Federal Government's assistance and leadership.

Mr. TREADWAY. I admit it needs leadership, but I was wondering about the financial part of it. If the State of New York comes here asking for financial aid, what are other States going to do, and what will be their privileges and rights in comparison to the way we regard the great Empire State?

Dr. PARRAN. I must apologize, to start with, sir, by saying I am not a fisical expert, but I do know that in the field of public health we have great inequality, great unevenness of performance among communities and of ability on the part of many of our communities financially to provide themselves with needed health services.

Mr. TREADWAY. That might be. I would not, of course, question your statement, but it sounds to me quite suprising that you would say you needed Federal aid, with all the opportunities to provide financial assistance within the State of New York. I must say I am quite surprised at that statement, Doctor.

Dr. PARRAN. Our State found it necessary, sir, to ask and to receive Federal assistance in the care of its unemployed, as no doubt you know. Nearly 2 years ago, the Governor of New York State decided that the State alone could not any longer carry the whole burden of unemployment relief, and New York State has been getting assistance. Without that assistance, I do not know what would have happened.

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Mr. Treadway. Our former good friend and colleague, the present mayor of New York, has been here, has he not, rather as an applicant for relief of one kind and another?

Dr. Parran. I believe so. Mr. Chairman, it appears to me, possibly it is not necessarily a question of the basic resources but the availability to tap their different sources of revenue. I will illustrate in just a moment that I mean, but our localities are limited by and large, in the source of tax funds, to real property. The State, in turn, can tap other sources of revenue, and is it not true that the Federal Government can in addition tap still other sources of revenue?

Mr. Treadway. They have been pretty well tapped.

Dr. Parran. I say that, even though New York State may pay other than its proportionate share of the cost.

The Chairman. Judging by what I have seen in the press recently the authorities in your State, as well as in the other States, have great difficulty in meeting their fiscal needs at this time.

Dr. Parran. We have had, sir. New York City, in particular, has had difficulty.

The Chairman. We thank you, Doctor, for your brief and for the information given the committee.

Dr. Parran. May I file for the record telegrams sent to me and to Dr. Abercrombie, who appeared yesterday, from a number of State health officers, in connection with this matter?

The Chairman. There is no objection.

(The witness presented for the record the following communications:)

[Telegram]

Austin, Tex., *January 28, 1935.*

Dr. T. F. Abercrombie,
*Care of Surg. Gen. H. S. Cumming,*
*United States Public Health Service*:

The State Board of Health and State Department of Health strongly urge enactment House bill 4120 which makes provision for supplementing public-health work in various States through United States Public Health Service and State departments of health.

John W. Brown, M. D.,
*State Health Officer.*

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[Telegram]

Madison, Wis., *January 28, 1935.*

Dr. Abercrombie,

*Care Surgeon General Cummings,*
*United States Public Health Service, Washington, D. C.*:

Desire to register most emphatically support of bill S. 1130, especially as it pertains to maternity and child health sections 701, 702, 703, 704, and sections 801, 802, 803, title 8 of the proposed participation of the Children's Bureau and United States Public Health Service in rendering much-needed assistance to a general child-welfare program. The need for such assistance is in evidence everywhere, especially of families near relief, which about equals in number the families on relief.

C. A. Harper, *State Health Officer.*

THE COMMONWEALTH OF MASSACHUSETTS,
DEPARTMENT OF PUBLIC HEALTH,
*Boston, January 28, 1935.*

Dr. T. F. ABERCROMBIE,
*Care of Surgeon General Cumming, United States Public Health Service, Washington, D. C.*

MY DEAR DR. ABERCROMBIE: The Massachusetts Department of Public Health is heartily in favor of bill S. 1130 and H. R. 4120 and the plans proposed by President Roosevelt in his message recommending the legislation on economic security.

I understand that you are to appear before the committee and I would ask you to record the Massachusetts Department of Health as in favor of the passage of this bill.

Very truly yours,

HENRY D. CHADWICK, M. D.,
*Commissioner of Public Health*

The CHAIRMAN. The next witness is Dr. Walter Bierring, Des Moines, Iowa, representing the American Medical Association.

## STATEMENT OF DR. WALTER BIERRING, REPRESENTING THE AMERICAN MEDICAL ASSOCIATION

Dr. BIERRING. Mr. Chairman and members of the committee, I would like to speak of title VIII, on behalf of the physicians represented by the American Medical Association and the public-health interest of this country in general, as one who has become familiar with it through contacts with all parts of this country. I think attention should be called to the fact that within the last 30 years there has been a continual reduction in the death rate, with the institution of modern public-health and sanitation methods. Not all diseases have been reduced alike, but particularly those in which prevention and sanitation play a role, have been reduced. The death rate in typhoid fever has been reduced so that it is only 3 percent of what it was 30 years ago, largely because it is a so-called "waterborne" or "milk-borne" disease.

The death rate in diphtheria has declined in the same way, largely because there have been developed preventive and curative measures for this disease. The death rate in diseases characterized by diarrhea has been reduced one-half in the last 30 years. Again, as has been mentioned, in the case of tuberculosis, there has been a marked reduction in the death rate; but we are coming into new problems now in connection with public health, relative to those diseases which seem to belong to the later days of life, or which are a part of the wear and tear of life, as, for example, heart disease, in which the death rate has about doubled in the past 30 years; cancer, nearly as much; likewise in those associated diseases represented by hardening of the arteries, chronic disease of the kidneys, and high blood pressure. Again, diabetes has become a definite public-health problem, because it affects a great many of our people. There are twice as many cases of that as there were 20 years and 30 years ago.

There is a marked difference between the old-time health officer and the health officials of today. There is a long step from the man who used to simply have to place a quarantine sign on the house and see that the quarantine was enforced, to the health officers of today. In my State of Iowa, which is distinctly a rural and agricultural State, there were 14 epidemics during the past year due to milk-borne dis-

eases. Two of them produced sore throat. Again, nine of them produced or transmitted typhoid fever, not by the milk itself, but by means of so-called "typhoid carriers." Five to ten percent of the people who have typhoid fever carry typhoid germs in the gall bladder or in the intestines during the balance of their lives and the germs are discharged at intervals with the human discharges. It takes a very expert so-called "epidemiologist" to determine the causal relation of epidemics of this kind.

In a State such as ours, animal diseases prevail to a large extent, and undulant fever is one of our most prominent diseases coming from the lower animals. We have had two milk-borne diseases where contact, with a cow in one instance and with a hog in the other, have brought about a marked epidemic of the disease now called "undulant fever," formerly called "Malta fever." In our packing houses and in various industries where there is contact with animals, it has become quite a problem with us.

By furthering the measure that is before you, I believe you will particularly aid the rural districts of this country. The larger cities have been through the development of full-time health departments and have been able to handle the problems as they have arisen, but the rural districts all over this country are greatly in need of help. The organization of district and county health departments is now being made a part of the laws of the several States, so that there will be an active cooperation between the State health departments and Federal Public Health Service under this provision, and I believe that you can do nothing better than to extend this aid. It should be extended possibly temporarily, but in time, through the influence of education, the communities will become health conscious and will assume the responsibilities themselves. They need help now.

The CHAIRMAN. Doctor, are you supporting this bill as it is, without the suggesion of amendments or modifications?

Dr. BIERRING. From my knowledge of the needs of the country, I would say that it should be supported.

The CHAIRMAN. We understand that it is one of the paramount needs, but do you have any suggested amendments or modifications, to the bill? Do you have any changes or anything like that in mind that would help to better the bill?

Dr. BIERRING. No, sir. I believe it is under good supervision if it is under the expert guidance of the United States Public Health Service.

Mr. DINGELL. Mr. Chairman.

The CHAIRMAN. Mr. Dingell.

Mr. DINGELL. Dr. Bierring, I would like to ask a question or two. At the outset, it was in Iowa, as I remember it, where the farmers rose in armed opposition to compulsory tuberculin testing of milk cows, some 2 or 3 years ago, was it not?

Dr. BIERRING. Yes, sir.

Mr. DINGELL. Have you solved that problem in Iowa?

Dr. BIERING. Entirely; yes, sir.

Mr. DINGELL. I know that in Michigan we are entirely free in that respect.

Dr. BIERRING. We have been greatly helped by the Veterinary Medical Association, and all those misunderstandings have been relieved.

Mr. DINGELL. The transmission of disease from hogs and cattle to the human family, of course, is a conceded fact, is it not?

Dr. BIERRING. To a certain extent.

Mr. DINGELL. And it necessarily follows that we have got to pursue in a medical way preventive methods in that regard; in other words, the testing of cattle and the supervision of hog raising, in order to protect the human family?

Dr. BIERRING. It will be just as necessary from now on, with the closer contact of our people through transportation.

Mr. DINGELL. Doctor, here is a question I want to ask you, that I asked a previous witness. There seems to be some apprehension about it among medical men, and I looked forward to asking you the question. The apprehension is regarding the possibility of a regimentation of the medical fraternity. In other words, what I have in mind, and what I was led to believe might follow in the wake of some such legislation as this, or might begin with it, is the deprivation of the medical men of this country of their right to charge fees and to enjoy an individual practice. Is there any such apprehension in your mind?

Dr. BIERRING. No, sir.

Mr. DINGELL. You naturally, I assume, are opposed to any interference with the traditional ethical practice of the medical profession, as it is known today, are you not?

Dr. BIERRING. I am, sir; yes, sir.

Mr. DINGELL. I just want that as a matter of record, because I am keenly interested in that phase of it. Legislation of this sort should not be made an entering wedge toward possible regimentation. I wanted to get your viewpoint.

Dr. BIERRING. I do not think there is any fear of that, because this is entirely within the line of preventive medicine.

Mr. DINGELL. However, we are going to find it necessary to use quite a number of medical men in connection with it, in the supervision of crippled and needy children, and it was in connection with that I was first apprised that the medical men throughout the country were of the impression there are possibilities in this bill which may lead to regimentation of the medical profession, ultimately engulfing them all.

Dr. BIERRING. I am sure there is not, in title VIII.

Mr. DINGELL. I am convinced that the bill is all right, on that point, Doctor, but I was just wondering whether you had possibly heard of that.

Dr. BIERRING. I do not believe you can do anything that would make the understanding better with the medical profession.

The CHAIRMAN. We thank you, Doctor, for your appearance.

The CHAIRMAN. The next witness is Mr. Charles Wesley Dunn, of New York City, representing the Associated Grocery Manufacturers of America.

The CLERK. Mr. Dunn does not answer.

The CHAIRMAN. The next witness is H. B. Anderson, of New York City, representing the Citizens Medical Reference Bureau.

## STATEMENT OF H. B. ANDERSON REPRESENTING THE CITIZENS MEDICAL REFERENCE BUREAU

Mr. ANDERSON. I represent the Citizens Medical Reference Bureau, 1860 Broadway, New York. I have been engaged in the work of opposing compulsory medication for the past 20 years. I have written a number of books such as this one, entitled "The Facts Against Compulsory Vaccination", and I am the author of various monthly bulletins and news letters sent out by our bureau.

We request that titles VII and VIII be stricken from the present bill. Our opposition is in line with a telegram sent to Congressman Lewis by Mr. Harold F. Pitcairn, of Philadelphia, Pa., one of our directors:

> The Citizens Medical Reference Bureau has brought my attention to the fact that the proposed Economic Security Act includes a revival of the Maternity and Infancy Act. This was strongly opposed 15 years ago, tried out and abandoned. I urge that these be omitted as they are not insurance measures and have many objectionable features which do not appear on the surface.

We, of course, recognize that a great part, or at least a majority of the work of the United States Public Health Service is necessary and a good thing, and I have never yet come down here to oppose any reasonable appropriation for the work of the United States Public Health Service. The proposal here, however, in title VIII, to distribute $8,000,000 to the different States, where the Public Health Service feels it is most needed, fits into a plan that has been discussed a great many years, a plan for reorganizing all local health work on a county basis. Some of the most bitter fights of which I have any knowledge have occurred over the proposition of compelling localities to reorganize on a county basis.

Then, after the counties are reorganized on a county basis, it is the idea to have the States hand over money to the various counties, provided the counties do what the States want them to do. Then we come to the Federal Government, which will give money to the States provided the States do what the Federal Government wants them to do.

Then, we have this vast health machinery centralized under the Federal Government. Who is going to control the vast machinery? It is quite possible, and it looks to me quite probable, that those great foundations which are capitalized at hundreds of millions of dollars, and which are working hand in hand with the United States Public Health Service, would dictate or control to a large extent this vast health machinery for a million and a quarter people.

A great deal has been said about giving "millions of dollars for the hog, but not one cent for the human being." The question of unemployment has been raised as definitely affecting the health of thousands of people. I call your attention to the fact that every cent that goes to the hog is really intended to help human beings. Every cent that we spend for better housing is intended to help human beings. The millions upon millions of dollars that are spent to furnish good water supply are all spent for human beings. The moneys provided for in titles I to VI of this bill are all to be spent for human beings.

In the minds of a great many people, the goal of all sound public-health work should be to make it possible for people to be healthy

and strong without the use of artificial means, without taking the ground-up spinal cords of monkeys who have died from some virulent infection and injecting that into the healthy blood streams of little children. The health boards not only carry on a campaign of insisting that everybody be inoculated and vaccinated for one disease after another, but they insist that these various forms of treatment be made compulsory. Right now there is an epidemic existing among health commissioners over the country to make toxin antitoxin compulsory. In Michigan they are talking about making tuberculin compulsory for people.

There are a great many people who want something to say about their own bodies. I will give you one little illustration, and then I will quit. I have in mind Mr. William Marsh, who lives in the vicinity of Carlisle, Pa. Mr. Marsh had two daughters. He had one of them vaccinated. Shortly afterward, the child became blind in one eye. The child slept with a second child. The second child became blind in both eyes. Mr. William Marsh felt positive that if he had not had the one vaccinated in the first place both of those children would have had the use of their eyes today. A third child came along. Mr. Marsh wanted the child to go to school, but he could not have it entered, because the law says he would have to have the child vaccinated. He was prosecuted for not sending the third child to school or having it educated, and he served a sentence of 10 days in jail.

Marsh had a brother named John who also felt that if William's two children had not been vaccinated they would still have their sight, so he did not want his eight children vaccinated. He was prosecuted and spent his time in jail from November 1933 to June 1934. While he was in jail, he could not till his land. The family became dependent on the county. Two of his children were taken away, put into institutions, and vaccinated, all against the wishes of their parents.

There are other cases like that coming up all over the country. I will say that if health boards were like the California health board, which took the position that when there was no smallpox to prevent they would not compel everybody to be vaccinated, I would not be here today.

Mr. VINSON. How long have you been practicing medicine?

Mr. ANDERSON. I am not a physician. I have been engaged in research work. I have read medical journals and health board reports however, I should say for about 20 years.

Mr. VINSON. You represent the Citizens Medical Reference Bureau.

Mr. ANDERSON. Incorporated; yes.

Mr. VINSON. What is that bureau?

Mr. ANDERSON. The words "Medical Reference" describe the service.

Mr. VINSON. What sort of an organization is it?

Mr. ANDERSON. It is a citizens movement opposed to compulsory medicine. We advocate no form of treatment in private practice, we oppose no form of treatment in private practice, but we object to compulsory medicine.

Mr. VINSON. How does the bureau exist?

Mr. ANDERSON. By voluntary contributions from people throughout the country. It has been maintained since 1919.

Mr. Vinson. How much was contributed, say, during the calendar year 1934?

Mr. Anderson. In these times it is pretty hard to get money. I think, in the last 9 months, we have gotten in something like $2,900.

Mr. Vinson. How many salaried officers have you?

Mr. Anderson. One.

Mr. Vinson. Who is that?

Mr. Anderson. Myself. That is all.

Mr. Vinson. Is there anybody else connected with his bureau except yourself?

Mr. Anderson. We have a membership.

Mr. Vinson. I know, but I mean is there anyone engaged in research work or anything of that kind?

Mr. Anderson. No.

Mr. Vinson. You say you never opposed any reasonable appropriations for public health. Did you ever support an appropriation for the public health?

Mr. Anderson. I say, when the usual departmental bills are made up I have not come here to oppose any of them.

Mr. Vinson. I am talking about that, too. Have you ever supported an appropriation for the public health?

Mr. Anderson. We are not organized to promote any particular thing.

Mr. Vinson. You are organized to oppose public health?

Mr. Anderson. If this same amount of money was to be distributed to the States for sanitary engineering, or something like that, of course, we would welcome rather than oppose it.

Mr. Vinson. But the fact remains you never did support any appropriation for public health by the Federal Government or any other institution?

Mr. Anderson. No.

Mr. Vinson. Now, you talked about some sort of a set-up compelling counties to do thus and so. Is there anything in title VIII that compels counties to do anything in regard to public health or medical work?

Mr. Anderson. It extends aid to counties through the Federal Government.

Mr. Vinson. I know, but I am asking you if there is anything in this bill compelling counties to accept the benefits of it?

Mr. Anderson. No; it would not compel the counties to accept. Indirectly, the counties may not receive the benefits if they do not organize to suit the Federal Health Service.

Mr. Vinson. But there is nothing compulsory about it.

Mr. Anderson. No; not in the wording of it.

The Chairman. Mr. Reed.

Mr. Reed. I have learned something. You have aroused my curiosity with regard to those two children who were vacinnated while their father was in jail. Did they go blind?

Mr. Anderson. No; they did not. They seem to have recovered.

The Chairman. We thank you.

Mr. Woodruff. Might I ask the gentlemen a question?

The Chairman. Surely.

Mr. WOODRUFF. Mr. Anderson, are you familiar with the experience of the Federal Government in the vaccination of troops during the last war?

Mr. ANDERSON. I have read a great deal regarding it; yes.

Mr. WOODRUFF. Then you have discovered, probably, that out of the 4½ million men that were given typhoid vaccination, probably not one of them lost his life solely by reason of typhoid fever.

Mr. ANDERSON. I have in mind, though, that in one company of, I believe about 248 men, there were 98 who got typhoid, yet they had been vaccinated and inoculated. The point was brought out that under grossly insanitary conditions there is a real danger that even inoculation will not prevent typhoid.

Mr. WOODRUFF. Where did you get that information?

Mr. ANDERSON. That is from one of the public health reports of the United States Government.

Mr. WOODRUFF. You say that there were 98 men in one company that had typhoid fever after vaccination?

Mr. ANDERSON. They were understood to have been vacinated; yes.

Mr. VINSON. "Understood;"

Mr. WOODRUFF. "Understood to have been." But there was no definite information to the effect they had been vaccinated, was there?

Mr. ANDERSON. I will be glad to send you a copy of that report.

Mr. WOODRUFF. I will be glad if you will do that. My interest in it is this: I happen to have served through both the Spanish and World Wars. I was one of many thousands who suffered from typhoid fever during the Spanish War. Men knew nothing about typhoid vaccination at that time. We lived in the field under practically the same conditions that we lived under in the field in the World War. The difference in the mortality rate brought about by the introduction of typhoid vaccine is so marvelous and so startling that it ought to convince the most skeptical person as to the advantages of such medical developments as that. I want to say further in that connection that I think it is an established fact that the mortality rate in diphtheria has, through the discovery of antitoxin, been reduced from 73 percent to something less than 2 percent. How any sensible man, how anybody having those figures before him can be opposed to vaccination and the prevention of disease, is more than I can understand.

Mr. ANDERSON. Scarlet fever went down from 155 in New York to 2 per 100,000, without any serum. The mere fact that the death rate goes down does not prove that some particular serum has done it. The point I make is that we could argue here for the next year about whether some serum is any good or not. I would not attempt to argue with anybody whether a given serum is good or not, but I can say there is an honest difference of opinion among people, and they do not want compulsory inoculation or vaccination. That is the point I am making. I could not attempt to prove to you that typhoid inoculation was worthless.

Mr. WOODRUFF. No; you probably could not do that.

Mr. ANDERSON. I would not try it.

Mr. WOODRUFF. Then what you contend is this, that the right of the individual supersedes the right of the public at large, is that it? In other words, you believe that the person who has some communicable or contagious disease, that that person ought to be permitted,

in the very nature of events, to contaminate or inoculate other persons, simply because he refuses to accept the methods that are made definite and sure by the medical profession?

Mr. ANDERSON. If a person is vaccinated, he has nothing to fear from a person who is not vaccinated, so you are not exposing the vaccinated person.

Mr. WOODRUFF. I want to say to you, my friend, that if your ideas prevailed in this country, we would still have smallpox, typhoid, and other epidemics, which have now almost entirely disappered from our social life.

Mr. ANDERSON. I have discussed the question of statistics in a third of this book, but I cannot go into that now.

Mr. KNUTSON. Mr. Chairman.

The CHAIRMAN. Mr. Knutson.

Mr. KNUTSON. You take the position, then, that if there were an epidemic of hydrophobia in a neighborhood, it should be illegal for the public authorities to order all the dogs muzzled?

Mr. ANDERSON. I have taken no position on dogs.

Mr. KNUTSON. I am attempting to draw a comparison between the position that you take and that of a man fighting an order to muzzle dogs.

Mr. ANDERSON. In New York State vaccination is not required in rural districts, and yet they get along very well under that condition. There has been no increase there since the law was repealed and I can mention one place after another where it has been the same. You have a conglomeration of laws in one State saying it shall not be compulsory, and in another State saying just the opposite.

The CHAIRMAN. We thank you.

(Mr. Anderson thereupon presented for the record the following supplementary statement:)

SUPPLEMENTARY STATEMENT BY H. B. ANDERSON

Mr. Chairman, gentlemen of the committee: My name is H. B. Anderson, secretary the Citizens Medical Reference Bureau, Inc., 1860 Broadway, N. Y. I am the author of The Facts Against Compulsory Vaccination, State Medicine a Menace to Democracy, and the monthly bulletins and news-letters issued by the bureau.

The Citizens Medical Reference Bureau, Inc., was organized in 1919. It is an organization of citizens throughout the country and is dependent upon voluntary contributions for support. We advocate no form of treatment in private practice and we oppose no form of treatment in private practice. What we oppose is compulsory medication and the use of public funds for medical propaganda and on the strength of this propaganda seeking to make medical treatment compulsory.

We request that titles 7 and 8 be stricken from the proposed bill. These titles are not insurance measures and we maintain that they should not be included in an insurance bill. In this connection I offer a telegram by Mr. Harold F. Pitcairn, Philadelphia, Pa., and letters by Mr. William R. Bull, Mr. Pierrepont E. Twitchell, and Mr. William H. Capen, of New York, to Senator Wagner and to Congressman Lewis:

Copy of telegrams by Mr. Harold F. Pitcairn, 1830 Land Title Building, Philadelphia, Pa., to Senator Robert F. Wagner and Congressman David J. Lewis, January 21, 1935:

"The Citizens Medical Reference Bureau has brought my attention to the fact that the proposed economic security act includes a revival of the maternity and infancy act. This was strongly opposed 15 years ago, tried out and abandoned. I urge that these be omitted as they are not insurance measures and have many objectionable features which do not appear on the surface."

Copy of letters by Mr. Pierrepont E. Twitchel counselor at law, 141 Broadway, New York, to Senator Robert F. Wagner and Congressman David J. Lewis, January 22, 1935:

"I personally respectfully request that titles 7 and 8 be stricken from the proposed Economic Security Act introduced by you.

"Your measure is otherwise an excellent one in its looking so efficiently toward relieving the distress which results from unemployment and old age. I must, however, earnestly recommend that you eliminate these sections, which are certain to arouse Nation-wide opposition as they did 15 years ago in connection with the maternity and infancy act. Over burdened taxpayers are aroused in opposition to the spending of many millions of dollars upon medical propaganda and political doctors.

"Titles 7 and 8 are distinct from the remainder of the bill. At the very least, they should not be rushed through as an emergency measure but, at the most, considered as separate bills. At that time consideration should be given to divorcing health work from a propaganda which makes it appear that certain forms of treatment are harmless and a sure protection, when there is so much evidence to the contrary, and which seeks to make such forms of treatment compulsory.

"I am a director of the Citizens Medical Reference Bureau, chairman of the New York State Committee for Billboard Legislation, secretary of the Princeton Alumni Association of Long Island, and head of various other civic organizations. I appreciate your earnest desire to aid the citizens of our country but most earnestly recommend extreme caution in legislation which in actual practice invariably injures the health of the community and is a burden to the taxpayers, through bureaucratic domination and medical propaganda by a very small minority of politically minded physicians belonging to one particular sub-branch of one particular school of medicine."

Copy of letter by Mr. W. R. Bull, 40 Exchange Place, New York, to Senator Wagner and Congressman Lewis, January 24, 1935.

"I respectfully request, personally and through the Citizens Medical Reference Bureau, that titles 7 and 8 be stricken from proposed economic security act introduced by you.

"In a measure designed to relieve distress resulting from unemployment and old age, I do not believe it is wise to include a revival of the maternity and infancy act which aroused Nation-wide opposition 15 years ago and was tried out and abandoned. Why compel overburdened taxpayers and laborers to contribute millions upon millions of dollars for medical propaganda?

"Titles 7 and 8 are distinct from the remainder of the bill and should not be confused with an insurance measure and should not be rushed through as an emergency measure.

"If considered at all under separate bills, consideration should be given to divorcing health work from a propaganda which makes it appear that certain forms of treatment are harmless and a sure protection (and seeks to make them compulsory) when there is so much evidence to the contrary."

Copy of letter by William H. Capen, International Telephone & Telegraph Corporation, 67 Broad Street, New York, to Senator Wagner and Congressman Lewis, January 24, 1935.

"May I respectfully request personally and through the Citizens Medical Reference Bureau that titles 7 and 8 be stricken from proposed Economic Security Act introduced by you. In a measure which is designed to relieve distress resulting from unemployment and old age, I cannot see why there should be included a revival of the Maternity and Infancy Act which aroused such Nation-wide opposition 15 years ago and was tried out and abandoned. Why compel overburdened taxpayers and laborers to contribute millions upon millions of dollars for medical propaganda? Titles 7 and 8 are distinct from the remainder of the bill, and should not be confused with an insurance measure. They should not be rushed through as an emergency measure, and in my earnest opinion if proposed at all under separate bills, consideration should be given to divorcing health work from propaganda which makes it appear that certain forms of treatment are harmless and a sure protection, when there is so much evidence to the contrary, and which goes even further and seeks to make such treatment compulsory. I believe that no one group should be allowed to force its methods of treatment upon citizens; each should be free to choose that which to him seems best.

"I feel sure that I express the feeling of many loyal and intelligent citizens who view with dismay the growing tendency of organized medicine to force its ministrations upon the people.

"I trust that you will give earnest thought to these points and not urge the enactment into law of bills which I feel certain can do no good, but much harm."

Title 7 is in the nature of a revival of the famous maternity and infancy act which created so much opposition 15 years ago.

Without going into a detailed discussion of that act let me point out that when the act was passed in 1927 to extend the maternity and infancy law 2 years, section 1 of the act was all that was needed to terminate the maternity law in 1929 but another section was added definitely providing that after June 30, 1929, the act would be of no force and effect. And when this amendment was pending in the House Congressman Garrett, of Tennessee, raised the question, "Does the gentleman from New York construe the language of the Senate amendment to be a virtual repealer act?" to which Congressman Parker replied, "In answer to the gentleman I will say I do, judging from the discussion which took place in the Senate regarding this amendment, and I am going to move to concur in the Senate amendment."

The opposition was so strenuous that President Coolidge referred to the maternity act in his budget message to Congress December 8, 1926, and declared he was in favor of the proposed legislation extending the period of operation of the maternity and infancy act 2 years but with the understanding and hope that the administration of the funds to be provided would be with a view to the gradual withdrawal of the Federal Government from this field.

The main difference between the maternity act terminated in 1929 and the provisions in the present bill is that the original act only appropriated $1,240,000 annually, whereas this bill provides for an appropriation of $4,000,000 annually.

As further evidence of the opposition to the maternity act I call your attention to parts 1 and 2, Report 428, Calendar 448, Seventy-second Congress, first session.

Part 1 favored the act and part 2, which was signed by nine Senators on the Committee on Commerce, opposed it.

A statement by Dr. J. H. Florence, former State health officer of Texas, was published in part 2, in which he pointed out that the granting of Federal moneys made it more difficult to secure the necessary funds from the State; that the people resented the encroachment of Federal activities in the State and that the printed matter furnished them by the Federal Government was not always scientific or practical for the pregnant women and infant maternity welfare.

I ask that the declaration by Dr. Florence be included in the record:

From testimony of Dr. J. H. Florence, of Houston, former State health officer, submitted in a letter presented by Dr. Holman Taylor, secretary of the State Medical Association of Texas, and published in part 2, Report 428, Senate Calendar No. 448, Seventy-second Congress, first session, page 3:

"With reference to the operation of the Sheppard-Towner Act, let me say that when I was the State health officer, I administered the money provided by this law. I tried to carry out conscientiously the provisions of the act, but as time went on I found the regular health budget for the department was invariably cut by the appropriation committee of the legislature, because it was felt that we were getting outside funds for health work when, in fact, the amount received from the Federal Government was of little material aid in the State health department. Also the publications issued to us for distribution were not always scientific or practical for the pregnant women and infant maternity welfare. I felt after a few months in office that the money furnished us was of little value. At first, I was favorable to the Sheppard-Towner bill, but my observation was that there was an attempt by the Federal authorities in charge of the distribution of the money to dominate the State health department. The State health officer was on the ground. The authorities in Washington were not, hence knew nothing of our real needs. In a theoretical way, they demanded that we disburse these funds according to their ideas, which were oftentimes vague, problematical, and loaded with sentimental nonsense. Above all of this, I found that our prople resented the encroachment of Federal activities in our State, which seemed to smack of centralization and control of local government activities from Washington."

Title 8 of the proposed bill grants $8,000,000 a year to the United States Public Health Service for distribution to State and county health activities wherever the Federal Health Service decides is is most needed and for the training of personnel. In other words, the Public Health Service is given the whip hand over the States and counties and either they must do as the Federal Service wants them to do or they run the risk of not receiving any Federal aid.

One argument advanced a few days ago for appropriating $10,000,000 annually for health work is that unemployment has definitely affected the health of

hundreds of thousands of families. And along the same line we often hear the argument that the Government spends millions of dollars for the hog and little or nothing to preserve the health of human beings.

In answer to that I submit that the millions of dollars spent for the hog are also spent for human beings. And I also submit that everything which the Government is today doing to relieve unemployment and to see that everyone has food and shelter is also in the nature of public-health work. Also the collecting of funds from workers while they are employed and distributing it back to them in time of need as provided in titles 1 to 6 is definitely in the interest of public health, provided of course there is no better means of accomplishing the same end.

We oppose the granting of additional appropriations to the Public Health Service for distribution to the States as provided in this bill because if the appropriation were granted it would mean that many millions of dollars of public funds being used to compel millions of taxpayers to accept a form of treatment which they regard as unnecessary and dangerous.

The idea back of title 8 is in no way a new proposal nor is it based upon any present emergency.

I submit that it fits into a plan of organizing all local health work upon a county basis and then having the States grant State aid to the counties, thereby centralizing county health work in the States, and then having the Federal Government grant aid to the States, thereby centralizing county and State health work in the United States Public Health Service. Then I have a picture of certain foundations which are capitalized at a total of well over a quarter of a billion dollars granting aid to the United States Public Health Service and controlling the health activities of a million and a quarter of people.

Many people are of the opinion that the goal of all sound public-health work should be with the idea of making it possible for people to be healthy without the use of artificial means such as injecting into the blood stream the ground-up spinal cords of monkeys who have died from some virulent infection or preparations made from the excretions taken from the pustules of a diseased calf. Yet we find boards of health throughout the country using public funds to promote one controversial form of treatment after another.

In this connection I further submit that the medical profession is also very much divided on the question of vaccines and serums.

This is brought out in the last Annual Report of the Commonwealth Fund which says: In regard to rural physicians that—

"For every conscientious and competent physician there is, roughly speaking, at least one other who makes superficial examinations, ignores the laboratory in diagnosis, relies overmuch on medication in therapy, neglects preventive measures, and subjects his patients uncritically to surgical interference."

The point I wish to bring out is that for every physician who adheres strictly to laboratory procedures there is another physician who holds to a different form of treatment, and an item in the Journal of the American Medical Association, January 5, 1935 brings out that "Within the last few decades there has been a growing recognition that the disease has been overemphasized, that the patient has been somewhat neglected. Physicians with great experience and much human sympathy have been dismayed by the impersonal attitude of scientifically trained physicians who are so dehumanized that they treat their patients with the precision and the detachment with which they treat their experimental guinea pigs and mice."

How can the Government say which type of doctor is the most needed, and yet under this bill it is proposed to appropriate $2,000,000 annually for the investigation of disease and problems of sanitation and related subjects, the very thing which we are told is dehumanizing the medical profession.

The distribution of $8,000,000 annually by the Public Health Service would mean that much more money being used to tell the public how necessary it is to be vaccinated or inoculated against one disease after another, and the objectionable feature about all this propaganda is that health boards generally do not stop with merely recommending certain forms of treatment, but they go farther and either provide for the distribution of prizes to children if they submit to inoculation or ask that certain forms of treatment be made a requirement.

I offer a few citations giving instances where health officials have gone out of their way to favor compulsory medical treatment and a few citations where prizes have been offered to children for submitting thereto.

### AN EPIDEMIC OF COMPULSORY MEASURES

There is today an epidemic going the rounds of various boards of health to make different forms of medical treatment a requirement.

Last July the school board at Austin, Tex., had under consideration a measure designed to make immunization against diphtheria a requirement for school attendance.

Citizens of Austin rose up and protested and the proposed requirement was unanimously voted down.

In Norfolk, Va., and a number of other places similar proposals have been made, and citizens have had to rise up and defend their liberties.

Recently the Michigan Association of School Physicians passed a resolution urging the enactment of legislation to require teachers, students, and school health workers to submit to the tuberculin test.

In a number of instances parents have served terms in prison rather than have their children vaccinated.

Mr. Albert W. Peacock, of Milford, N. H., refused to have his son Roy vaccinated. The boy was therefore refused admission to the public schools and Mr. Peacock was prosecuted for not having his son educated. He served a term of 6 months in prison when he was pardoned by the Governor. This was in 1929.

Last June press dispatches told the story of William and John Marsh, of Carlisle, Pa. Mildred Marsh, a daughter of William Marsh, was vaccinated and shortly after became blind in one eye. Two weeks later Romaine, then 4, who shared the same bed with Mildred, became blind in both eyes. William and John Marsh attributed the blindness to vaccination and when later John refused to have his children vaccinated he was prosecuted and served a term of imprisonment from November 23, 1933, to June of the following year when two of his boys were removed to an institution and vaccinated against the wishes of the parents. William Marsh also served a brief term in prison because he would not allow subsequent children to run the risk of going blind as happened in the case of the first two.

Mr. and Mrs. M. J. Braught, of Greenwich, Conn., became very much alarmed over the condition of their older children after they had been vaccinated, and when it came time for the younger children to attend school they refused to have them vaccinated. A request was made to the board of education for a hearing but the request was denied and Mr. and Mrs. Braught were brought into court for not having their children educated. Mrs. Braught is still having difficulty due to the fact that she refused to have her children vaccinated and the school and medical authorities refuse to allow her to enroll the children in the public schools.

Following one flood after another, there are the usual reports of refugees in many instances being told that they will not be allowed to have any food unless they are vaccinated.

An article by Jessie O. Thomas in Opportunity, published by the National Urban League, 17 Madison Avenue, New York City, for August 1927, said:

"All the refugees, men, women and children were vaccinated for smallpox and inoculated against typhoid. Much misunderstanding was occasioned by the tagging of people in the various camps. The general method adopted for tagging was not for the purpose of indicating whether the Negro belonged to this or that plantation, but for indicating the number of shots the refugee had taken against typhoid. A great many refused to be vaccinated or inoculated. As means of enforcing this regulation the Red Cross adopted the policy of refusing food supplies to those persons who had no tag."

### CANDY TO BE USED AS BAIT IN DRIVE ON DIPHTHERIA

SALAMANCA, February 8.—An all-day sucker will be given every child who presents himself to a physician or clinic for toxin-antitoxin treatment for the prevention of diphtheria in the campaign being conducted for that purpose in this county, the general committee decided at a meeting held here Sunday. Other features of the campaign will be an essay contest for both grade and high schools with prizes for the winning essays. After 3 weeks of educational work, a house-to-house canvass to bring out those who have not been immunized will be made.—From the Buffalo (N. Y.) News, February 8, 1927.

### BADGES USED TO STIMULATE DIPHTHERIA IMMUNIZATION

According to the weekly bulletin issued by the California State Board of Health, Dr. William C. Hassler, city health officer of San Francisco, in order to stimulate enthusiasm in diphtheria immunization, has adopted the policy of

giving an attractive badge to each child who has received three doses of toxin-antitoxin. More than a thousand of these badges have been given to children who were immunized during the latter part of the year 1926. The brilliantly colored button appeals to children and there is a wide-spread interest in the device through which a strong pride of ownership has been developed. Other health departments may be interested in the plan to adopt a particular campaign badge for this purpose.—From Public Health Reports, February 18, 1927.

BILL BOARDS AND PRIZES USED AT SYRACUSE, NEW YORK

During the campaign at Syracuse the early part of 1927 for the administration of toxin-antitoxin, every public school in the city in which a toxin-antitoxin clinic was held bore a large black and red sign on the outside of the building measuring 4 feet by 6 feet. Referring to these placards and the prizes that were awarded children in the public schools either for being inoculated themselves or for bringing in other children, publication no. 184, June 1927, by the New York State Committee on Tuberculosis and Public Health says:

"These placards served to let the neighborhood know what was going on and attracted a great deal of interest from passers-by, who had never seen such a lively sign on the dignified school buildings.

"A device called the 'Sailors' Roll of Honor' was developed to interest the children and bring about a friendly rivalry between schools. Utilizing the idea of the classroom's progress toward complete diphtheria protection as a voyage of the *Good Ship Health;* charts were issued providing space for the name of each child in a classroom. A blue star was awarded for each toxin-antitoxin treatment the child received, while children over 10, who were not asked to be immunized, received a gold star equal in value to three of the blue stars for each preschool child they brought in.

"The boys and girls who brought in the greatest number of children to be immunized became heroes among their classmates, and great enthusiasm for diphtheria protection was produced. A sum of money was donated for award to the winner among parochial schools, to be expended with the advice of a committee representing the Department of Health and the school authorities. At their suggestion the money was used for basketball equipment. Another competition was carried on among the public schools."

It is an amazing situation for various health boards to be reminding the medical profession on the one hand how enormously they are increasing their practice through their health board campaigns at public expense and then for health boards to go out of their way to demand laws and regulations to make various forms of treatment compulsory. And yet that is the situation we face today.

I offer a few citations wherein health officials have pointed out to physicians what they were doing to increase medical practice:

From an article entitled "Children's Hour" by Shirley W. Wynne, M. D., Dr. P. H., while Commissioner of Health, New York City, in Medical Economics, July, 1930, page 9.

"The private practitioner can cry out in vain against the free clinics and other free medical services unless he decides to meet the conditions four square. He must realize that to retain his just share of private patients, and especially to encourage the practice of preventive medicine, he must make concessions. The department of health stands ready and always has been ready to pave the way, through health education, to make this possible, to place the physician in direct contact with the persons seeking medical service, persons who can afford to pay a moderate fee; to act, really, as the advertising agent for the private practitioner. But this cannot be accomplished unless the doctors agree to cooperate."

From article by L. O. Geib, M. D., and Henry F. Vaughan, D. P. H., entitled "The Physician as Health Worker", in the Journal of the American Medical Association, August 8, 1931, page 3, referring to a campaign to secure protection against diphtheria for young children, more especially the preschool child:

"During the recent campaign in Detroit, more than $100,000 was paid the cooperating physicians. The average expenditure was $142 per physician. It is estimated that, including the cost of the nursing personnel and the educational work, nearly $250,000 was expended in the campaign, which is less than the cost of medical care of reported diphtheria cases for a single year. However, it is not fair to charge the entire expenditure to diphtheria prevention. The expense may more fairly be charged against a program to rehabilitate the public with the family physician, to recreate an attitude whereby the laymen will look to the physician as a family counselor not only in matters of curative but likewise of preventive medicine.

"We feel that the campaign to reduce the incidence of diphtheria is but an entering wedge into a program which will involve a periodic health examination, prenatal service for the expectant mother and hygienic instruction for infants and children, as well as campaigns to control tuberculosis, cancer, and other preventable diseases. The interest of the medical profession has been activated. The doctor is not interested merely for monetary reasons but is sincerely endeavoring to cooperate with the health department in the reduction of unnecessary sickness."

Declaration by Dr. Mather Pfeiffenberger of Alton, Ill., formerly president of the Illinois State Medical Society, in an address before a joint meeting of the Second Annual Health Officers' Conference and the Sangamon County Medical Society, Springfield, December 3, 1926, as reported in Illinois Health News, January 1927:

"Prevention practiced to its utmost will create more work for the physician and not diminsh it, for the full-time health officer will be educating his community constantly. There will be more vaccination, more immunizing, more consulting, and use of the physician. His services will be increased many fold.

"I am informed that epidemic and endemic infections cause only 12 percent of all deaths and that this percentage is declining very rapidly. Less than 15 percent of all children would ever get diphtheria even under epidemic conditions, while 100 percent are prospects for toxin-antitoxin. The percentage who would ever get smallpox, under present time conditions is even less; but 100 percent are prospects for vaccination. Scarlet fever will soon come in for its 100 percent also, as it may for measles, judging from the reports on that disease. Typhoid fever is disappearing, due to saniation, but vaccination should be used when the individual travels into unknown territory and countries."

In closing I offer a communication by the United States Public Health Service to the Citizens' Medical Reference Bureau calling attention to 194 cases of what were "probably postvaccinal tetanus" and 85 cases of "probable or proven cases of postvaccination encephalitis" during the period 1922–31.

And I also call your attention to a few extracts from items in medical journals where complaint is being made that the medical profession has suffered from too much philanthropy.

TREASURY DEPARTMENT,
BUREAU OF THE PUBLIC HEALTH SERVICE,
*Washington, December 7, 1932.*

Mr. H. B. ANDERSON,
*Secretary Citizens Medical Reference Bureau, Inc.,*
*New York, N. Y.*

DEAR SIR: Receipt is acknowledged of your letter of November 26, requesting a tabulation of cases of post-vaccination encephalitis by States.

During the years 1922–31, inclusive, probable or proven cases of post-vaccination encephalitis have come to our attention as follows:

Alabama, 3; California, 2; Connecticut, 7; District of Columbia, 9; Georgia, 4; Idaho, 2; Illinois, 5; Iowa, 3; Louisiana, 6; Maryland, 3; Massachusetts, 5; Michigan, 2; Missouri, 6; Nebraska, 1; New Jersey, 2; New York, 4; North Carolina, 1; Ohio, 3; Pennsylvania, 3; Rhode Island, 3; Texas, 5; Vermont, 1; Virginia, 3; and Wisconsin, 2.

Cases of what were probably post-vaccinal tetanus have come to our attention during 1922–31, inclusive, as follows:

Arkansas, 2; California, 4; District of Columbia, 2; Connecticut, 2; Illinois, 10; Indiana, 5; Iowa, 2; Kentucky, 3; Louisiana, 3; Maine, 1; Maryland, 10; Massachusetts, 15; Michigan, 3; Minnesota, 4; Missouri, 2; North Carolina, 2; New Jersey, 22; New York, 11; Ohio, 15; Oklahoma, 2; Pennsylvania, 56; Texas, 13; Virginia, 2; Wisconsin, 3; and Hawaii, 2.

The evidence is quite clear that with modern methods of vaccination, tetanus is no longer to be feared as a complication of vaccination.

Very truly yours,

TALIAFERRO CLARK,
*Acting Surgeon General.*

###### COMPLAINS THAT MEDICINE IS RECEIVING TOO MUCH MONEY

A number of articles have appeared in medical journals from time to time complaining that medicine is already the recipient of too much money.

Dr. Morris Fishbein, editor of the Journal of the American Medical Association, in an address published in the Journal of the Michigan State Medical Society, August 1927, says:

"Not only physicians, but also sociologists, psychologists, and economists have on frequent occasions in recent years devoted pages of anathema to the curse of philanthropy. * * * The medical professions in various communities have already protested against attempts by health demonstrations and similar movements to destroy initiative and individual relationships in medical practice."

Dr. William Allen Pusey, former president of the American Medical Association, in an article in the December 17, 1927 number of the journal of that association says:

"For a hundred years or more education has been the favorite of philanthropy and, fortunately, still is. But now medicine is overshadowing even education. I shall not say in the words that President Butler of Columbia applied to medical education that medicine has become the spoiled child of philanthropy, but at least it is very apt to get the first helping at the table.

In another article published in "The American Mercury," June 1927, Dr. Pusey says:

"Of course it is desirable that medicine should have plenty of money, but it may be questioned if it needs two or three times as much as any other form of education. The point I am making is this: Like other people, we have learned to spend money freely when we find we have it. There might be no objection to this if it did not lead us into difficulties, but it has been doing so. With something of an inferiority complex about our scientific standing, we have become very highbrow."

The CHAIRMAN. The next witness is Mr. Forster, of Philadelphia.

## STATEMENT OF H. WALTER FORSTER, VICE PRESIDENT OF THE PENSION CONSULTING DIVISION OF TOWERS, PERRIN, FORSTER & CROSBY, INC., PHILADELPHIA, PA.

Mr. FORSTER. Mr. Chairman and gentlemen, the Washington attorney of the Standard Oil Co. arranged for my appearance before you, and that accounts for my being listed as representing that company. While the Standard Oil Co. of California is one of my clients, I come here not representing them, but rather on behalf of a very large number of corporations who retain our firm as pension consultants, and in my capacity as vice president in charge of that division of Towers, Perrin, Forster & Crosby, Inc., of Philadelphia.

Since 1906 I have been devoting myself primarily to consulting work in connection with the American corporation's problems of the relations of employers and employees, and I have had an excellent opportunity of getting close to the practical problems they have.

Since 1917, on an ever-increasing scale, and aided by a large staff, I have been devoting myself to pension problems for important industrial, financial, and utility organizations. Under the pending Federal legislation, our clients and other important corporations have unanimously raised one question which I want to present to you briefly and which will form the basis of a suggestion to you in connection with titles III and IV. I have, Mr. Chairman, a brief of the subject, which I should like to file and make a part of the record, and I will as briefly as possible summarize for you the nature of this suggestion.

You gentlemen are all acquainted with the fact that Federal employees, State and municipal employees, and railroad employees are under pension plans at the present time to a large extent. You perhaps are not quite familiar with the fact that 600 corporations other than those, with over 2,000,000 employees, have pension plans

at the present time covering their people, and that about 300 of these corporations employing over a million people, have backed their pension plans with upward of $700,000,000 of reserves irrevocably set aside outside of their business, either with life insurance companies or with other types of trustees.

There is a splendid argument, gentlemen, for the propriety of extending the pension idea to industrial and other employees, because these companies have found it good business as well as socially desirable to make these provisions. Employees who have plans of this character are putting into these plans annually as a rule from 3 to 5 percent of the pay roll. Quite frequently the employees contribute equal amounts, and that voluntary contribution of employers contrasts with the one-half percent, 1 percent, 1½ percent, and so forth, which the contributory part of the bill before you gentlemen provides. In other words, these corporations are putting far more money aside voluntarily than the Federal act will require of employers generally.

It seems reasonable to me, in the interests of maintaining a higher pension standard in this country, and of protecting employees definitely and soundly as to those pensions, to permit employers who have plans which now or hereafter are better as to benefits and safely financed, to continue to operate those plans, and not to require them to abandon them or at least come under the Federal plan, and then build some other kind of a plan on top in order to make the total pension benefits more adequate.

You have a fine illustration of that in the fact that in this bill before you the Federal employees are excluded, and there are some 400,000 men and women under the Federal Employees Retirement Act of 1921. As I recall it, those employees are paying 3½ percent of their earnings toward the cost of their pensions, and the Government will pay in due course very large sums for its share of the plan. If those employees were given the choice of coming under the new plan, which of necessity is a minimum plan, if it must be generally applicable, I am quite sure they would rather pay more in that particular case and get a better pension.

My suggestion, therefore, is that you gentlemen, in the final draft of the bill, which will, of course, contain many improvements arising out of the suggestions before you, make provision so that under complete control of the Social Insurance Board, and under regulations, it may provide for employers who now have or who hereafter may wish to establish a voluntary contribution plan with their employees, and as to such employees only, which is more liberal and properly safeguarded, and thereby relieve the Government of certain deficits which will arise under the plan which you are proposing here, in certain supervisory expense, and give, broadly speaking, better protection to a substantial portion of our citizens. That, gentlemen, is the gist of the brief which I have had the privilege of presenting to you.

Mr. Hill. To what Federal bill do you refer?

Mr. Forster. The Federal Employees Retirement Act, Mr. Hill.

Mr. Hill. Are they included in this bill?

Mr. Forster. The Federal employees are excluded from this bill, because they have a first-class pension plan today.

Mr. Hill. Are your suggestions directed to some provisions that are now in the bill, or something that you want to bring into the bill?

Mr. FORSTER. It is to add to the bill. The bill as it now reads, sir, makes it necessary for every employer to bring every employee under this bill. My plea is, if the employer has a plan or may establish a plan which the Social Insurance Board, administering this plan, considers better than the Government benefits, and if he will safely finance it, that you give him the choice of having that single plan in lieu of coming under the Government plan.

Mr. HILL. The States have a great deal to say as to the plan that may be adopted within the States, but there is no Federal plan.

Mr. FORSTER. The Federal plan, sir, is the contributory plan, not the old-age assistance plan, under which employers and employees set aside money to provide pensions for those employees when they become 65. That is the point about which I am talking.

Mr. HILL. I am talking about a plan. You said the "Federal plan." There is no plan in this bill.

Mr. FORSTER. Yes; there is a plan here which provides benefits, if people come in before age 60, a 15 percent pay roll, increasing as their length of service under the Government plan increases. You have here a very definite contributory employer-employee plan in this act.

Mr. HILL. You are talking about the old-age annuity, or unemployment.

Mr. FORSTER. Old-age annuity.

Mr. DINGELL. Mr. Forster, you say you are acting as the spokesman for approximately 600 corporations?

Mr. FORSTER. No; I said there were in this country about 600 corporations that had formed pension plans, of which about 300 had put up $700,000,000 as financial backing, and I said that I was speaking as a consultant in the pension field, and working for many important corporations.

Mr. DINGELL. As consultant, I presume you are familiar with the welfare plans of the telephone companies and their associated companies?

Mr. FORSTER. Yes, sir.

Mr. DINGELL. You are familiar also with the Shell Oil Co.'s plan?

Mr. FORSTER. Which is quite different in character; yes, sir.

Mr. DINGELL. And I presume you are quite familiar with the Pennsylvania Railroad's system?

Mr. FORSTER. I am.

Mr. DINGELL. In most of these instances, we will take for example a telephone company and the Pennsylvania Railroad, I assume that the money that is contributed there is generally included in the railroad or telephone rates?

Mr. FORSTER. It must be.

Mr. DINGELL. It must be, of necessity.

Mr. FORSTER. Yes.

Mr. DINGELL. Now, are you familiar with this phase, that the employee of a telephone company might be employed by such a company for 20 years, and when he leaves, he leaves behind him all of the benefits that should have been his at the time he leaves the company?

Mr. FORSTER. Yes, sir.

Mr. DINGELL. But he gets nothing?

Mr. FORSTER. Right.

Mr. DINGELL. That is a positive fact.

Mr. FORSTER. May I say that my brief, which I have filed with the clerk, specifically provides that if an employer has the right to operate such a plan, if an employee leaves him before pension aid, there will be set up for that employee in revenue stamps or its equivalent the benefits he would have had.

Mr. DINGELL. In other words, it must be necessary to establish at the same time certain minimum standards with which employers must comply before they can ask of the committee any consideration in making changes in the basic law. Is that not right?

Mr. FORSTER. Absolutely, sir.

Mr. DINGELL. Then, let us go into a further discussion. You remember a recent strike of conductors on the Pennsylvania Railroad system?

Mr. FORSTER. Yes.

Mr. DINGELL. The Pennsylvania Railroad Co. told those who were either eligible for the old-age pension or who were about to become eligible, within 1, 2, 3, or 5 years, that if they went on strike, and if the strike was unsuccessful, they would lose all of their cumulative benefits. Do you recall that statement?

Mr. FORSTER. I do not; no. I do not happen to know about that.

Mr. DINGELL. It is true; but here is what I am trying to show you. In so many instances these systems that are handled by the corporations are used for no other reason possibly than to stabilize employment and to prevent the employees from clamoring to improve their conditions. Every 5 years they get a service button, and at the end of the time they get a kick a posteriori. For that reason, in the consideration of a bill of this kind, or any bill on the part of the corporations, the employee must be thoroughly protected. You agree with that statement?

Mr. FORSTER. Absolutely, sir; and I so have proposed.

Mr. DINGELL. There is one corporation whose plan I have studied. That is the Shell Oil Co. Their method is entirely different. They take from the employee 10 percent of his wages and put in 10 percent, a like amount that the company contributes. That money is invested and at any time the individual employee leaves the employ of his company he gets the entire amount that was set aside, both from the earnings and from the earnings of his employer.

Mr. FORSTER. Correct.

Mr. DINGELL. That is the only safe and sane and reasonable method; and it should be given to him, whether he is out on strike and never comes back, or not. That is his, without any strings or conditions attached. That is the only safe, sensible, and reasonable thing that I think the committee will consider in that connection. That is my idea of the situation.

Mr. FORSTER. Your position, may I say, sir, is entirely correct, and all of the contributory pension plans which now exist, under which about 300,000 employees are setting aside money regularly as a part of the pension cost, are upon the basis that the employee, living or dying, gets back his money as a minimum, always.

Mr. DINGELL. And I personally, Mr. Forster, would have to be thoroughly convinced that the employee would be protected to the fullest possible extent, before I would yield to giving the corporations any special consideration under the terms of this bill.

Mr. Forster. Your position is thoroughly sound, and I agree with you.

The Chairman. Mr. Vinson.

Mr. Vinson. Do I understand you to agree with Mr. Dingell that if an employee has been working for a corporation and has these private reserves and ceases the employment, the employee should receive the moneys that he has paid in? I understood you to say that your proposition was to transfer the moneys the employee had earned by his payments to this fund, to the Federal Government, together with the use of stamps equivalent in value or evidencing the value of that amount, so that the employee would get the benefits when he arrives at the age limit.

Mr. Forster. Yes. I think I can make myself a little clearer. Suppose an employee were to contribute 3 percent of his earnings under a plan for the X. Y. Z. Manufacturing Co., a liberal pension plan. If the employee left after 5 years, ½ percent of this 3 percent would be invested in revenue stamps. The employer would put in an equal amount and the other 2½ percent of his contribution would be returned to him in cash. He is overpaying for that liberal plan, as compared to the minimum Government plan.

Mr. Dingell. I submit to the gentleman from Kentucky that that is the only reasonable thing we should entertain under the circumstances.

Mr. Vinson. I think there is another reasonable thing to entertain, and that is whether or not we should have these private reserves at all.

The Chairman. Mr. Lewis.

Mr. Lewis. I did not hear your opening remarks, sir, I am sorry to say, so you will pardon me if I trespass. There are 600 companies that are maintaining these systems, you say?

Mr. Forster. Yes, other than railroads and governmental organizations.

Mr. Lewis. How many of the 600 subscribe the whole pension fund?

Mr. Forster. What do you mean by "subscribe", Mr. Lewis?

Mr. Lewis. I think in the case of the Pennsylvania Railroad or at least in the case of the Baltimore & Ohio, the company paid the whole pension fund. There was no contribution.

Mr. Forster. I would say that out of those 600 pension plans, of a formal, definite character, about 250 to 300 now are contributory, where the employees pay a part of the cost.

Mr. Lewis. And you said there were 300,000 such employees?

Mr. Forster. About 300,000 employees included in that group.

Mr. Lewis. How many employees are included in the other group, who make no contribution?

Mr. Forster. Of the 300 plans which have money behind them, about a million altogether, or 700,000 some, and the 300 plans in which they have no reserves behind them, employ more than a million additional people.

Mr. Lewis. Your whole suggestion is that if the social insurance clause, after proper investigation, determines that an existing pension system to which you refer affords greater benefits to the employee than would be offered under the annuity contributory system provided in this bill, the board shall be permitted to pass an order continuing that system in the place of the one provided in the bill?

Mr. Forster. With one addition, namely, that if in the future an employer wanted to provide such a plan with his employees, he might be permitted to do that also; not only on existing but future plans.

Mr. Lewis. Have you prepared such an amendment as fitting into the bill before the committee?

Mr. Forster. I have not attempted to phrase the language, because your bill-writing group will have to take many ideas and merge them and consolidate them into a bill.

Mr. Lewis. May I request you to do so, and submit it to me?

Mr. Forster. I shall be happy to do so, sir.

Mr. Lewis. And I will submit it to the chairman.

Mr. Forster. I shall be happy to prepare such phraseology.

Mr. Dingell. Will the gentleman yield?

Mr. Lewis. I think I am through, now.

Mr. Dingell. I am just going to interpose an observation there, that my colleague from Maryland understands. In the case of a utility, we will assume the employee makes no direct contribution from his salary, but it is conceded that the money contributed to this welfare fund, or whatever you want to call it, is included in the rate, and it is therefore placed there for the benefit of the employee. Altogether too frequently the employee's basic salary with the public utility is lower, generally, than the average, because it is pointed out to him that he is a beneficiary under the employees' welfare plan. Therefore, the money which comes from the basic rate for service belongs not to the utility nor to the corporation, but belongs to the employee. That is specifically provided for when the utilities commission sets the rate.

Mr. Lewis. May I ask the witness if he has considered that phase of the subject matter in his brief?

Mr. Forster. Generalities, gentlemen, are always dangerous, but I have had personal professional contact with utilities from Boston to San Francisco, as their consultant. I know the average earnings of utility employees compared to industrial employees, and I do not think, sir, generally speaking, that utility employees have been discriminated against, because they generally have pension plans. In fact, I do not know of a case where an employer has made any move to reduce the employees' earnings because he gave such benefits, on the ground that such a pension plan is an efficiency measure. These great corporations, while they are generously inclined toward their people—and the bigger they are the better they often seem to be so inclined—have even spent money for the pensions which the stockholders have not received, because it was an efficiency measure. When a man becomes old and ineffective, you could not throw him out. The repercussion would be too severe, and it is cheaper to give him a pension than it is to keep him on the pay roll. That is the justification for the pension expense we have had in this country.

Mr. Dingell. But if the said employee left before he was pensionable, he received no benefits in most of the instances of which I know. Is that not true?

Mr. Forster. Generally that is true.

Mr. Dingell. In other words, he did not share in the reserve unless he lived to be old enough actually to get the pension.

Mr. Forster. That is generally true, unless he had money in the reserve.

Mr. LEWIS. That would be true, unless the public rate makers had made allowance in their rates for these pensions.

Mr. DINGELL. That is true, but let me make this observation. I am not necessarily saying that employees of telephone companies or of utilities, generally, have been discriminated against.

The CHAIRMAN. Mr. Treadway.

Mr. TREADWAY. How rapidly, sir, has the pension system been extended in corporations?

Mr. FORSTER. It has come with very great speed, sir, and astonishingly so in these last 5 years of rather acute depression. During the past year and a half there have been probably not less than 100 new insured pension plans established, which means that every company's money is being paid in ahead of the day of the actual retirement of the employee.

Mr. TREADWAY. How variable are the conditions of the programs set up by corporations?

Mr. FORSTER. While the details as to variations are numerous, the range of benefits is now today almost always between 1½ percent of all a man earns, giving him as a pension 2 percent. To illustrate, suppose I work for a company long enough to earn $50,000. I would get a pension of $750 a year, if it was a 1½-percent plan, or $1,000 a year if it was a 2-percent plan.

Mr. TREADWAY. That is, if your aggregate salary had amounted during the time you had been with the company to $50,000?

Mr. FORSTER. Yes.

Mr. TREADWAY. That would be the basis on which your retirement pension would be made up?

Mr. FORSTER. That is almost the universal practice today.

Mr. TREADWAY. That is fundamental with the industrial set-ups?

Mr. FORSTER. Yes, sir; and the same principle, I am very glad to see, is provided in this bill before you.

Mr. TREADWAY. Then this method of cooperation between the Government and the States carries out in your mind the detailed provisions that industrial organizations have set up voluntarily?

Mr. FORSTER. Broadly speaking; yes, sir.

Mr. TREADWAY. You have said that you wanted to extend this measure, excluding these private corporations and railroad and governmental employees. That appears, I think, on page 20, section 4, of the bill, in the definition of "employer" and "employee", which says:

> Except that it shall not include the Federal Government, the States or any political subdivision thereof, a governmental instrumentality, or any employer subject to the Railway Retirement Act.

It seems to me that instead of adding to the bill, you want to make an exemption of other groups than those designated in the bill.

Mr. FORSTER. Yes.

Mr. TREADWAY. You said, "add to it." Is it not the other way around? You want to set up an exempted class, do you not?

Mr. FORSTER. I think that is better put; yes, sir.

Mr. TREADWAY. Is that the way of it?

Mr. FORSTER. I think that is correct.

Mr. TREADWAY. I just wanted to make sure I had the meaning clear.

Mr. FORSTER. Yes.

Mr. TREADWAY. If such an exemption should prevail, and this measure be put into effect, would those corporations be exempt from the tax assessments levied as provided at the beginning of title III sections 301 and 302?

Mr. FORSTER. The employers and their employees would not contribute to the Federal Government plan, but they would demonstrate to the Social Insurance Board that they contribute larger sums to a safe place, such as a live insurance company or some powerful corporate trustee outside of the business.

Mr. TREADWAY. Then, answering my question directly, they would be exempted from this provision of the proposed law?

Mr. FORSTER. Yes. You would have to add at this point, sir, in the bill, an exemption to cover the conditions of that type, subject to the Social Insurance Board's specific approval.

Mr. TREADWAY. I think I get your meaning, that it would set up an exemption, however.

Mr. FORSTER. Yes.

Mr. TREADWAY. That might be a complication in its application.

Mr. Forster. I think it would simplify the operations, because there are so many other problems, the Social Insurance Board would have so many other employees among the 25 million.

Mr. TREADWAY. If the terms as written here become law, then if the corporations had their private pension system, they would, of course, if they wanted to continue it, be required to pay into that as well as pay the governmental assessment, would they not?

Mr. FORSTER. Yes, sir.

Mr. TREADWAY. Just one other thing. Let me get it straight in my mind. Did you say that there were some 2,000,000 employees now under these private arrangements?

Mr. FORSTER. Yes, sir; upwards of 2,000,000 employees under private arrangements, other than railroads.

Mr. TREADWAY. Exclusive of railroads?

Mr. FORSTER. Yes.

Mr. TREADWAY. For instance, the oil companies?

Mr. FORSTER. Yes. The Standard Oil Co. of California is a case in point.

Mr. TREADWAY. In cases such as that?

Mr. FORSTER. Yes; and with over a million, of the total of something over 2,000,000, under plans operated by reserves irrevocably set up out of the business, aggregating better than $700,000,000.

Mr. TREADWAY. In other words, there is the actuarial life insurance available for those employees?

Mr. FORSTER. Yes.

Mr. TREADWAY. And the other million, half of those 2,000,000, are taken care of in that way. The other half, if there is no reserve set up, are dependent on the well-being and the profits of the company from year to year; is that correct?

Mr. FORSTER. Right. That is very well phrased.

Mr. TREADWAY. Just one other question, Mr. Chairman. You have referred two or three times to title IV. I would like to ask you, from your experience with this pension system, do you approve of the Social Insurance Board, as set up in this section? In other words, to be a department connected with a bureau in the Department of Labor,

and to be appointed by the President without confirmation by the Senate?

Mr. FORSTER. Mr. Chairman, and gentlemen, I, of course, am not in a position to express an opinion upon the latter part of your question, but obviously this is a Federal and a national problem, and the control must be centralized in the Federal Government, as well as I can judge. The general set-up here is a reasonable one, a sound one and a proper one.

Mr. TREADWAY. Thank you. On the other point, you do not care to express an opinion?

Mr. FORSTER. I have no way of judging, sir.

The CHAIRMAN. Thank you.

Mr. FORSTER. Thank you very much, gentlemen.

(The brief submitted by Witness Forster is as follows:)

STATEMENT OF H. WALTER FORSTER

1. I am the vice president in charge of the life insurance and pension division of Towers, Perrin, Forster & Crosby, Inc. of Philadelphia. That corporation and the former firm of Brown, Crosby & Co. of Philadelphia, in which I was a senior partner in charge of the same division, have been pension consultants since 1917.

2. We have been retained by many important corporations and have assisted in the installation of new or revised pension plans. Some of our clients have insured their plans; others have turned over substantial reserves to trustees other than life insurance companies, to the end that their employees might be assured of eventual retirement income. A number have asked their employees to contribute toward the cost of these plans, in every case with almost a 100-percent response.

3. In discussing impending Federal pension legislation with our clients and other corporations, the question was quite uniformly raised as to whether the proposed legislation would permit employers, in lieu of the Federal plan, to continue in force existing employer plans, to inaugurate new employer plans prior to the effective date of the Federal plan, or thereafter to substitute employer plans for the Federal plan, provided, in each case, the employer plan in operation or proposed could be shown to the satisfaction of the Government to be properly financed and equal to or more liberal than the Federal plan. A study of the bill now before Congress discloses the fact that apparently no such provision is included. Hence, my appearance to request amendment to cover that point. I appear as a student of, and consultant upon, the pension problem, and not as a representative of any specific client.

4. My remarks are limited to titles 3 and 4, dealing with the contributory pension plan, and I am advocating a principle and not proposing specific language to obtain the desired result.

5. Most persons are familiar with the fact that Federal, State, and municipal employees are generally under pension plans and that the same thing is true of most railway employees. However, many persons do not know the extent to which pension plans have been adopted by American business enterprises. Mr. Murray W. Latimer, in his outstanding book, Industrial Pension Systems, recorded up to May 1932, exclusive of governmental and railway pension plans, no less than 434 formal American pension plans in organizations employing over 2,000,000 persons. Since that time both the number of plans and persons covered has been increased. For the purpose of my argument, however, only those plans warrant consideration which now have reserves behind them. The following is a conservative statement of the situation at the present time:

(*a*) At least 300 plans of industrial and financial institutions and public utilities, other than railways, have reserves irrevocably set aside with life-insurance companies or other trustees.

(*b*) These reserves aggregate at least $700,000,000 and are rapidly being increased.

(*c*) Over 1,000,000 persons are employed by these organizations, and those who remain to pension age will participate in the benefits of the plans.

(*d*) Approximately 300,000 of these employees now are contributing toward the cost of their eventual benefits.

6. These pension plans, established voluntarily and primarily as an efficiency measure, constitute the best possible argument for the general application of the pension idea to persons gainfully employed.

7. While the desirability of a Federal pension plan is widely recognized, and if enacted will eventually extend a measure of old age security to millions of workers, it seems most desirable not to force a change in existing plans or to discourage more liberal properly financed future plans, provided:

(*a*) Benefits exceed those of the Federal plan.

(*b*) Employers and employees desired their continuance. Of course, if certain employees do not wish to continue, or to join upon being employed, they would come under the Federal plan.

(*c*) Adequate financial provisions have been or are about to be made.

(*d*) When an employee leaves the employ, the employer would pay to the Government the contributions which would have been made under the Federal plan, together with sufficient interest to give him the status he would have achieved under that plan, or credits could be given him under the employer plan, on a basis satisfactory to the social-insurance board.

8. In my opinion, the proposed contributory pension plan is very liberal for a national act. A comparison with European plans, notably the 10 shillings per week pension in Great Britain and about equal average pensions in Germany, indicates this clearly, even after allowing for the difference in average earnings of the citizens of these countries and our own. The eventual deficit under the proposed plan now before you bids fair to be so large that in no event should the scale of benefits be increased.

9. In spite of the fact that the proposed Federal contributory pension plan is liberal for a national plan to be carried by all employers, whether prosperous or not, its benefits are on the whole substantially lower than those provided under employer plans of recent origin. The proposed legislation should encourage the employer who feels financially able to pension his employees more liberally and to set up the necessary reserves on an actuarily sound basis.

10. No provision is made in the proposed plan for employees who on January 1, 1937, will be age 60 or over, who aggregate a very large number. It is desirable that employer plans should provide for these workers, and, also that tens of thousands of their former employees now pensioned should continue to receive their pensions. Certainly it would seem desirable for Congress to take no steps that will discourage continuance of satisfactory existing plans or the establishment hereafter of liberal plans properly safeguarded.

11. It may be argued that all employers should bring their employees under the Federal plan and that those who chose to do so could supplement it by a second plan to any extent desired. This, of course, could be done, but it obviously would be simpler and better to operate a single liberal plan rather than to have the benefits vary as between two parts of the protection program. For example, if the employer portion permitted women to retire at age 60, which is the usual practice, they would receive employer benefits only until age 65, after which they would be entitled to benefits both from the Government and the employer. The same thing would be true of earlier retirements under employer plans because of disability or other reasons, but not provided for under the Federal plan. Experience with pension plans of some of our largest employers indicates that such disability retirements are a substantial proportion of the total number.

12. There are definite advantages to the Government of granting employers an option such as that outlined above because:

(a) Every employer plan takes care, in a relatively generous manner, of present pensioners and of employees now aged 60 and over who are excluded from the contributory Federal plan and who, if not pensioned by employers, would in part at least involve Government cost through giving them old-age assistance in cooperation with the States.

(b) Every such plan, whose proper financing would be assured in each case, would relieve the Government of some of the deficit which will arise under every Federal pension paid for decades to come, because of the admitted inadequacy of the proposed plan of contribution.

(*c*) Every such plan would relieve the proposed unemployment reserve plan of costs, because under employer plans it is customary to pension older employees who have had reasonable service if it is necessary to release them before age 65 because of disability, inefficiency, technological changes, or other reasons. Employees so protected would not involve payments from unemployment reserves. If employers operate only under the Federal pension plan, many

would release such employees who would thereupon draw maximum unemployment benefits and constitute an economic problem for the years prior to age 65 as well as thereafter, because their accrued pensions would be adversely affected by their early retirement from gainful employment.

(*d*) Every such plan would relieve the Social Insurance Board of a considerable amount of detail as to records, investigations, and payments of pensions. Only general supervision would have to be exercised over those plans which would be permitted to operate without participation in the Federal plan. When one takes into account the stupendous task which confronts the Social Insurance Board in administering a plan involving over 25,000,000 citizens, it is obvious that plans should be permitted which will reduce the details of operation and at the same time benefit a portion of our citizens.

(*e*) The Government wants to restrict the total reserves under the proposed plan, not because larger reserves are inherently unwise, but because of the difficulty of investing the money. Life-insurance companies and other pension trustees have found it possible to accumulate safe investments yielding over 4 percent and their continuing to do so should be encouraged, for to the extent that employers plans, whose benefits include what the Federal plan would provide, set up proper reserves for the entire benefit, the whole financial structure of pensions is strengthened and the Government relieved of the investment of any reserves which support these plans.

(*f*) Life-insurance companies and other trustees of employer plans seek conservative and, on the whole, long time investments since the heaviest pension obligations are many years away. Government bonds constitute only a moderate portion of such investment portfolios, and the existence of these trusts creates a desirable market for nonspeculative investments. There are no contingencies likely to arise under pension plans which would ever cause the trustees to throw upon the market large blocks of securities and have a detrimental effect upon business in general or upon Government financing in particular.

12. No such all inclusive plans would be permitted except by specific approval of the Social Insurance Board, which Board could issue the detailed governing regulations which would be required in operating such plans.

13. Since an option to responsible employers to continue or to establish liberal, properly safeguarded pension plans would, if exercised, be highly desirable in the interest of their employees and advantageous to the Government as well, it is hoped that such a provision will be included in the final draft of the bill.

The CHAIRMAN. The next witness is Bert Wilson of Indianapolis, Ind., representing The Church of the Disciples of Christ. Mr. Wilson, you may proceed under the 5-minute rule.

Mr. WILSON. I will get through in less than that time, Mr. Chairman.

The CHAIRMAN. All right.

Mr. WILSON. Mr. Chairman, I desire to have it entered in the record that I represent the pension fund of The Disciples of Christ and the 22 pension funds of the 22 Protestant bodies of America. There are 22 of these Protestant bodies that have already set up pension funds of their own.

Mr. TREADWAY. You mean for the clergymen?

Mr. WILSON. For their clergymen, yes.

Mr. TREADWAY. Or for members of their denominations?

Mr. WILSON. No; for their ministers, clergymen, and missionaries. We desire, Mr. Chairman, if you extend the hearings to next week, probably Tuesday of next week, to come before you with a statement. I have no statement to make today, and if you would excuse me today, and if you do extend it until next week, I should like to make a statement regarding the situation at that time. If you do not extend it to next week, we would be glad to give to your secretary a statement concerning the situation on church pension funds.

The CHAIRMAN. I think that perhaps would be better, in view of the number of witnesses. It may be put in the record at this point. Is it prepared now? Are you ready to submit it?

Mr. WILSON. No, sir.

The CHAIRMAN. You may submit it. You may prepare it and submit it, leaving it with the clerk.

Mr. TREADWAY. Let me inquire, Mr. Chairman—do I understand you to say that the statement you wish to submit will represent the joint views of these 22 organizations?

Mr. WILSON. Yes, sir.

Mr. TREADWAY. Thank you.

The CHAIRMAN. Thank you.

Mr. WILSON. Thank you, Mr. Chairman.

The CHAIRMAN. The next witness is Dr. F. L. Underwood, Jackson, Miss., State health officer.

The CLERK. He is not here.

The CHAIRMAN. That seems to complete the calendar for today.

Mr. VINSON. I move we adjourn.

(The motion was agreed to; accordingly at 4 p. m., the Ways and Means Committee adjourned until tomorrow, Friday, Feb. 1, 1935, at 10 a. m.)

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